ITU COUNCIL
GENEVA 2025
17-27 June 2025, Geneva, Switzerland

Agenda item: ADM 2

Document C25/40-E
29 May 2025
Original: English

Report by the Secretary-General

FINANCIAL OPERATING REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2024

Purpose

Under No. 101 of the Convention of the International Telecommunication Union and Article 30 of the Financial Regulations of the Union, the Secretary-General is requested to submit a financial operating report each year to the Council.

The Financial Operating Report for the financial year 2024 covers:

- The audited accounts for the financial year 2024 of the budget of the Union and extra-budgetary funds.

Action required by the Council

The financial operating report on the audited accounts and the draft resolution in Annex A are submitted to the Council for **consideration** and **approval**.

Once examined and approved by the Council, the report will be communicated to the Member States and Sector Members.

References

Convention: No. 101
Financial Regulations of the Union: Article 30

Financial operating report

TABLE OF CONTENTS

Preface to the Financial Statements 2024

The International Telecommunication Union (ITU) is dedicated to connecting everyone, everywhere in a meaningful way.

As the United Nations agency for digital technologies, we facilitate technical cooperation and mobilize key partnerships to put digital technologies at the service of all humanity.

Our 2024-2027 strategic plan centres on two overarching goals: universal connectivity and sustainable digital transformation. ITU's work benefits everyone who is connected to digital networks, brings the digital world closer for the 2.6 billion people who are still offline, and supports billions more who struggle with inadequate access or unaffordable services.

In 2024, ITU provided key contributions and expertise to the Global Digital Compact, adopted with the Pact for the Future at the 2024 UN General Assembly, and is now co-leading, together with the UN Office for Digital and Emerging Technologies, the UN Working Group on Digital Technologies and, accordingly, playing a key implementation role for the Global Digital Compact within the UN system and beyond.

Setting standards for a better future

Throughout 2024, we continued the development key technical standards needed to build a better digital future, addressed crucial concerns and opportunities around artificial intelligence (AI), and provided guidance to countries on responsive, citizen-centric digital services. ITU standards show how to make technologies efficient, affordable, safe, and accessible, as well as how to reduce environmental impact.

Our World Telecommunication Standardization Assembly (WTSA-24) in New Delhi, India, featured new resolutions on responsible AI, trusted and interoperable metaverse applications, emergency communications, intelligent transport, digital public infrastructure, sustainability and more.

Addressing digital inequalities

As the gap between digital haves and have-nots widens due to adoption of new technologies including 5G, ITU facilitates the partnerships needed to close the world's digital divides.

Our Digital Infrastructure Investment Initiative, launched in 2024 with backing from Brazil's G20 presidency, convenes six leading development finance institutions on a mission to mobilize the funding and policies to connect everyone meaningfully by 2030.

We also continue groundbreaking activities through Giga, our joint initiative with UNICEF to connect every school in the world, and through Partner2Connect, our global pledge drive for game-changing project commitments.

In parallel, our newly formed International Advisory Body for Submarine Cable Resilience is dedicated to strengthening the world's digital backbone through intensified cooperation on undersea telecom cable infrastructure.

Optimizing spectrum and orbital use

ITU coordinates radio frequencies and satellite orbits among countries and regions worldwide, enabling multimillion-dollar investments to deliver services with minimal harmful interference.

The 2024 edition of the ITU Radio Regulations safeguards a wide range of existing spectrum uses while enabling rapidly accelerating innovation. In late 2024, ITU brought together governments, space agencies, the private sector, civil society groups, and fellow UN organizations for its first Space Sustainability Forum, aimed at ensuring responsible usage and keeping outer space viable for future generations.

Harnessing emerging tech for humanity

New and emerging technologies can drive progress across virtually all areas of socio-economic development, from agriculture and manufacturing to education and health. This is evident in the breadth of ITU standards work on AI, conducted collaboratively with other UN entities as well as other standards development organizations and industry partners.

The eight-year-old AI for Good programme – maintained by ITU with over 40 UN partners – has become the global showcase for AI solutions that contribute to the UN Sustainable Development Goals. It has also become a key forum on responsible AI uptake, particularly since our inaugural AI Governance Day in May 2024. In 2024, ITU launched the AI Skills coalition to ensure that all countries and communities can access the necessary skilling.

Additionally, we have fostered wider partnerships on quantum information technologies and continued driving collaboration on network and security standards. Anticipating a future of vastly greater computing power, we are preparing to harness quantum for good.

Greening digital technologies

The UN climate change conference, COP29, produced a widely endorsed Declaration on Green Digital Action, inspired by the ITU-led Green Digital Action initiative with partners worldwide. The year solidified our call to address the environmental impact of digital technologies, promote sustainability standards, and put the global tech industry on the right side of history.

As the realities of climate change take hold, ITU leads Pillar 3 of the UN Secretary-General's Early Warnings for All initiative, which aims to protect everyone in the world with timely disaster alerts. A new initiative with fellow UN agencies fosters hazard resilience through AI solutions.

Fostering global digital cooperation

For over 20 years, ITU has helped to guide the digital cooperation and development based on Action Lines established at the 2003-2005 World Summit on the Information Society (WSIS). The ongoing WSIS multistakeholder consultation process will review progress made and identify the gaps that remain. It will also be a valuable mechanism for implementing the Global Digital Compact through development-oriented solutions for all. The WSIS+20 Review will determine the way forward in a rapidly evolving technology and policy landscape beyond 2025.

Steadfast commitment

ITU's specialized technical coordination and active engagement on digital issues depends on institutional agility, fiduciary trust, and a solid budgetary foundation. In the pages that follow, our Financial Operating Report for 2024 outlines the allocations and expenditures that have made ITU's work possible over the course of the year.

The ITU Annual Report (Document C25/35) will provide further operational details, reflecting the organization's steadfast commitment to data-driven insights and results-oriented strategies.

Introduction

1 The Financial Statements and the Financial Operating Report for the year ended 31 December 2024 are submitted in accordance with Article 30 of the Financial Regulations of the Union - Edition 2024.

2 The Financial Statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and cover all operations of the organization, including those funded by regular budget, extra-budgetary, operating and finance revenue.

a. The Financial Regulations specify a biennial financial period; however, in accordance with IPSAS, annual financial statements are required to be presented. ITU's biennial budget is prepared under a results-based budget format, the scope of which includes:

i. the contributions from the Member States as well as those from the Sector Members, Associates and Academia;

ii. other operating revenue, which comprises cost-recovery revenue (including Publications, Satellite Network Filings and extrabudgetary funds), revenue from interest and other revenue-generating activities; and,

iii. if necessary, withdrawals from the reserve account.

b. Other revenues, including extra-budgetary funds, are not reported under the budget of the Union.

3 Reporting financial statements on an IPSAS basis has no impact on the preparation or reporting of ITU's results-based budget, which continues to be presented on a modified cash basis. As the basis of the budget and the financial statements differ, a reconciliation between the budget and the IPSAS Statement of Financial Performance is presented under Statement V: Statement of Comparison – Budget and actual amounts and in Note 21 to the Financial Statements.

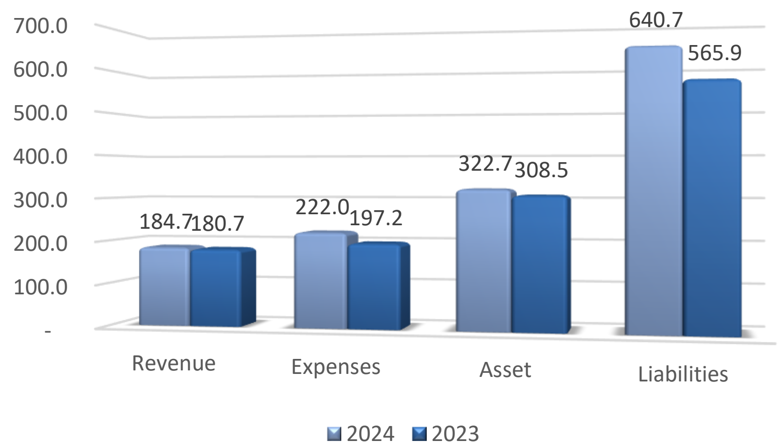
Financial operating report highlights for 2024

4 The Union's accounts are kept in Swiss francs. The financial statements presented include all sources of funds for ITU, including the regular budget and extra-budgetary funds.

5 Figure 1 below summarizes the financial situation of ITU in 2024 as compared to the previous year.

Figure 1: Financial Situation for the years 2024 and 2023

(CHF millions)



6 As noted in Figure 1, above there is an increase in overall total revenue in 2024 by CHF 4.0 million compared to 2023. This is mostly due to the increase in Assessed contributions (CHF 3.3 million). The increase in assessed contributions is because ITU has started a new budget cycle following the 2024-2027 financial plan approved at the last Plenipotentiary Conference and some Member States have increased their contribution levels. Publications revenue increased by CHF 2.5 million and extra-budgetary fund revenue by CHF 2.3 million which is offset by decreases in other sources of revenue (including satellite network filings (SNF)) by CHF 4.1 million. Overall, the expenses for 2024 increased by CHF 24.8 million from CHF 197.2 million to CHF 222.0 million, which is mostly due to the impairment on the new building project of CHF 21.0 million and recognition of a provision in assessed contributions of CHF 6.4 million and a provision for the termination of a sponsorship agreement of CHF 5.0 million as a consequence of the revision of the new building project. This is largely offset by a decrease in employee expenses of CHF 8.2 million.

7 Finance revenue / cost moved from a CHF 8.3 million loss in 2023 to CHF 9.5 million income in 2024. The change of CHF 17.8 million is mostly due to the significant improvement in exchange gains of CHF 14.3 million following more favourable trend in the foreign exchange rates, especially US dollar to Swiss francs. Furthermore, the net present value of the FIPOI loans decreased by CHF 3.4 million due to a fall in interest rates. On investments, interest rates remained stable in US dollars, ITU's major investment currency, earning an income of CHF 4.6 million in line with the previous year. However, ITU is in the process of strengthening its foreign currency management practices to better align its foreign currency investments with its functional currency (CHF), thereby reducing exposure to exchange rate volatility and ensuring greater predictability and stability in financial outcomes.

8 The organization's assets have increased by CHF 14.7 million, mostly due to increases in cash and cash equivalents and receivables partly offset by the decrease in investments and assets under construction. Liabilities have increased by CHF 74.8 million, mostly driven by the increases in the liability of the After-Staff Health Insurance (ASHI) fund and deferred revenues related to extra-budgetary agreements.

9 The 2024 deficit of CHF 27.8 million (Statement II) (compared to the deficit of CHF 24.8 million in 2023) is the net result of overall expenses exceeding revenue for the year for ITU. Notably, however, ITU's programme budget surplus is CHF 5.7 million (Statement V). The major differences between Statement V and Statement II are primarily due to the impairment of the new building (CHF 21.0 million), ASHI charges (CHF 7.8 million), and the provisions for doubtful debts (CHF 6.4 million) and for the termination of sponsorship related to the new building project (CHF 5.0 million), partially offset by the capitalization of fixed assets, exchange gains on investments and operations and the FIPOI loan adjustment. This is further detailed in Statement V and described in Note 21 of the Financial Statements. The Secretary-General will introduce a document under which proposals will be made for Council's approval to finance prioritized activities for 2025.

Financial performance

Revenue

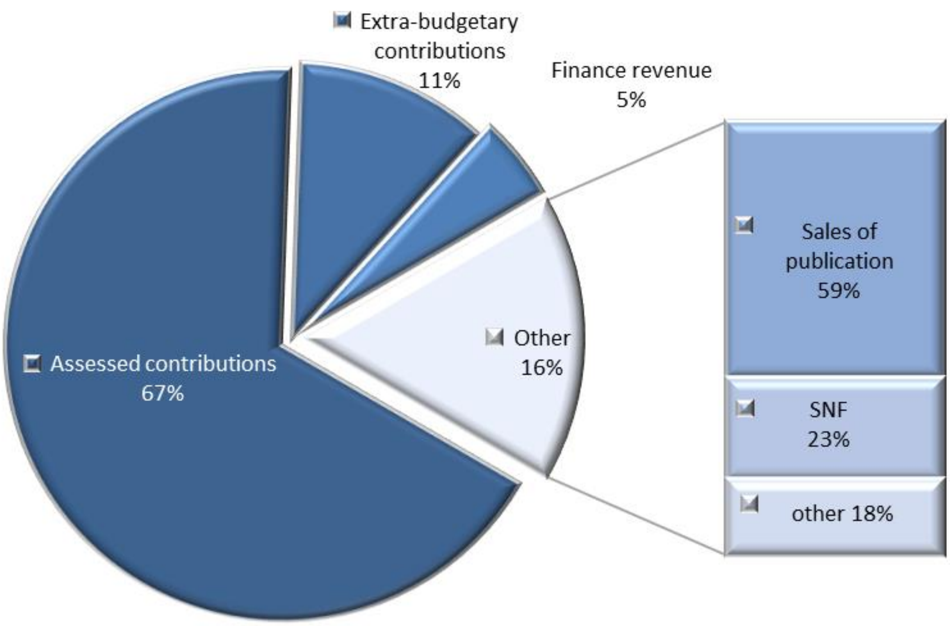
10 ITU revenues in 2024 amounted to CHF 184.6 million, compared to CHF 180.7 million in 2023. Table 1 below shows the major sources of revenue for both 2024 and 2023. Revenue for assessed and extra budgetary contributions has increased by CHF 5.6 million. Revenues from publications and satellite network filings have decreased by CHF 0.5 million. Other revenue has decreased by CHF 1.1 million.

11 The overall financial revenue of the organization significantly improved as compared to the previous year, moving from a finance cost of CHF 8.3 million in 2023 to a finance revenue of CHF 9.5 million in 2024. This is the direct result of more favorable trend of the US dollar and Euro exchange rates to Swiss francs. In addition, the reduction of the interest rate used for the estimation of the net present value of the FIPOI loans was favorable compared to 2023 (a positive movement of CHF 3.4 million). Interest rates on investment placed during the year were rather stable and allowed an income of CHF 4.6 million, in line with the previous year.

Table 1 – Revenue sources 2024 and 2023

Description (CHF millions)	**2024**	**2023**
Assessed contributions	130.9	127.6
Extrabudgetary contributions		
- Voluntary contributions	*4.9*	*3.9*
- Trust fund contributions	*16.4*	*15.1*
Total Extrabudgetary contributions	*21.3*	*19.0*
Other operating revenue		
- Publications	*19.2*	*16.7*
- Satellite Network Filings (SNF)	*7.6*	*10.6*
- Other revenue	*5.7*	*6.8*
Total - Other operating revenue	*32.5*	*34.1*
Total Revenue	**184.7**	**180.7**

Figure 2 – Revenue Analysis breakdown for 2024



12 As can be seen from Figure 2 above, the main source of revenue for ITU is assessed contributions representing 67%, followed by other operating revenue representing 16% which included the sales of publications, satellite network filings (SNF) and other revenue.

13 Extra-budgetary contributions recognised for 2024 make up 11% of all revenue CHF 21.3 million in 2024 (CHF 19 million in 2023). The reason for the increase is due to the increased implementation rate and signing of new agreements in 2024 compared to 2023.

14 The implementation of the extra-budgetary contributions generated a revenue of CHF 1.2 million in 2024 (CHF 1.0 million in 2023) as support cost.

Cost recovery

15 ITU made every effort to recover support costs of servicing activities through a charge on extra-budgetary contribution expenses. In 2024, ITU recovered support costs income of CHF 1.2 million on project expenses, resulting in an average programme support costs rate of 7% (CHF1.0 million, or 7% in 2023). This slight increase reflects higher volumes of project expenses and a change in the mix of resources towards contribution agreements. At present, support costs waivers continue to be extended for voluntary contributions and requests by funding partners.

Expenses

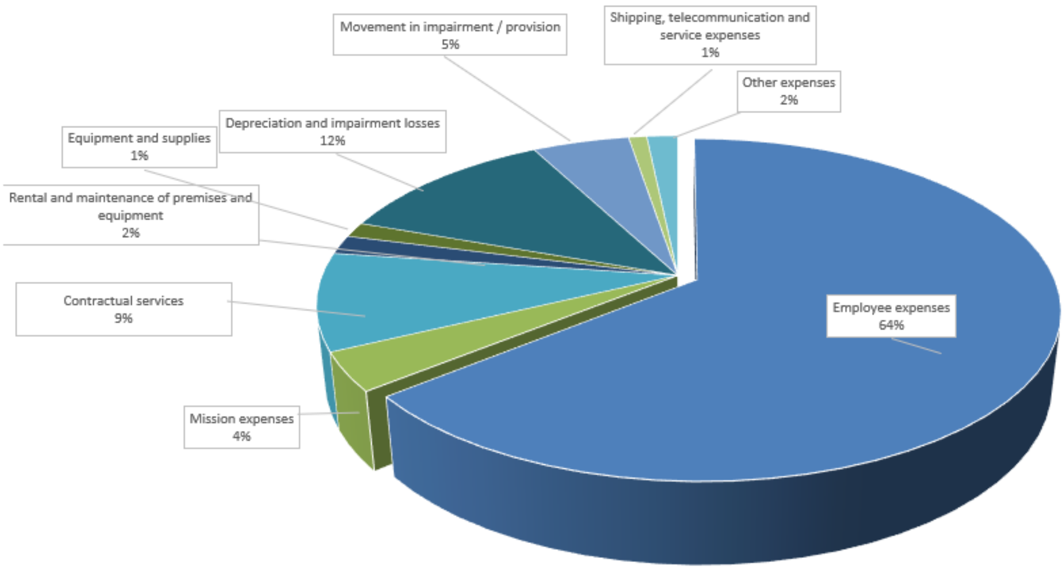
16 In 2024, ITU's expenses amounted to CHF 222.0 million (CHF 197.2 million in 2023) which represented a 12.6% increase compared to 2023. Table 2 shows the comparison of expenses for 2024 compared to 2023. It is noted that the biggest expense, employee expenses in 2024 (which is CHF 8.2 million lower than in 2023). The main increase for 2024 is related to the impairment of the new building for CHF 21 million resulting from the Council decision to proceed with the reassessed building project. Furthermore, ITU has had to increase the provision for assessed contributions in 2024 to CHF 6.4 million due to non-payment by Member States and the provision for CHF 5.0 million upon the termination of a sponsorship agreement due to the revision of the new building project.

Table 2 – Comparison of expenses for 2024 to 2023

In CHF '000	2024	2023
Employee expenses	142.5	150.7
Mission expenses	8.2	7.8
Contractual services	20.6	21.8
Rental and maintenance of premises and equipment	4.0	3.5
Equipment and supplies	3.2	3.2
Depreciation and impairment losses	26.3	5.7
Movement in impairment / provision	11.4	0.0
Shipping, telecommunication and service expenses	2.1	2.7
Other expenses	3.7	1.8
Total Expenses	**222.0**	**197.2**

17 Figure 3, comparison of expenses in 2024, shows the breakdown of expense by nature, which highlights ITU’s high level of staff costs which account for 64.2% of all costs. However, this amount has fallen by 6% compared to 2023 due to a CHF 3.8 million lower ASHI net service charge, and the impact of the voluntary separation program (CHF 3 million in 2023) that resulted in a reduction in the numbers of full-time equivalent staff in 2024 compared to 2023. Contractual services are the next biggest category of expense at 9.3% which is comparable to 2023. Other expenses increased in 2024 due to the increase of the provision for the doubtful receivables and for the termination of a sponsorship agreement related to the new building.

Figure 3 – Composition of expenses in 2024 (CHF 222.0 million)



Financial position

18 On 31 December 2024, the organization had negative net assets of CHF 318.0 million, with total assets of CHF 322.7 million and total liabilities of CHF 640.7 million as shown in table 3 below. The negative net assets were increased by CHF 60.6 million compared to 2023. This negative movement was largely due to changes in the discount rates and assumptions used for the ASHI valuation in 2024 with discount rate 1.40% as compared to 2023 (1.90%), and demographic studies. These changes have resulted in an increase in the After-Service Health Insurance (ASHI) liability of CHF 40.5 million from CHF 375.3 million to CHF 415.8 million.

Table 3 – Summary of Assets, Liabilities, Net assets

In CHF millions	2024	2023	Variation
Asset	**322.7**	**308.5**	**14.2**
Liabilities	**(640.7)**	**(565.9)**	**(74.8)**
Net assets	**(318.0)**	**(257.4)**	**(60.6)**

Assets

19 Current assets exceed current liabilities by CHF 130.3 million (compared to CHF 118.5 million in 2023), mostly due to the extra-budgetary contributions received in 2024 for CHF 33 million (compared to 25 million in 2023).

Assessed contributions-receivables

20 The collection of assessed contributions has a direct impact on ITU's liquidity position, and, as such, is extremely important for the smooth implementation of ITU's appropriated regular programme budget. While the Plenipotentiary Conference approved the operation of the reserve fund at a minimum level of 6% (CHF 10 million), this represents only three weeks of expenses, essential to maintain the operability of the organization. The reserve fund currently stands at CHF 30.7 million, representing 10 weeks of programme budget implementation, based on 2024 budget. The collection rate for the year ended 31 December 2024 was around 93%, as compared to 92 % at December 2023.

21 Gross assessed contributions are due and payable to ITU in accordance with its Constitution and Financial Regulations. As required under IPSAS, an allowance is made when payment of contributions is not expected as per the financial regulations and rules.

Liabilities

22 Total liabilities as at 31 December 2024 amounted to CHF 640.7 million (compared to CHF 565.9 million as at 31 December 2023). Liabilities include a provision of CHF 0.8 million related to 7 pending ILOAT cases and related legal expenses. In 2024 ILOAT reached judgment on 4 cases and ITU paid CHF 0.2 million and reduced the provision by CHF 0.1 million. During the year ITU increased the provision to CHF 20 thousand following the revision of previous estimate and to cover for an additional case that was filed.

Employee Benefits

23 The most significant liabilities were the future employee benefits accrued by staff members and retirees. The After-Service Health Insurance (ASHI) liability alone represents 65% of ITU’s total liabilities as at 31 December 2024. This ASHI liability has increased by CHF 40.5 million in 2024 compared to 2023. This was mostly driven by changes in demographic assumptions and experience studies performed.

24 ITU finances payments due under its ASHI liability on a pay-as-you-go basis. Resolution 1417 of the budget for 2024-2025 includes a withdrawal of CHF 1.0 million each biennium from the reserve account to finance this long-term liability. In accordance with IPSAS-39, no plan assets have been offset against this liability. However, an amount of CHF 15 million has been accumulated in the ASHI Special Account as at 31 December 2024 to cover future liabilities.

Long Term Borrowings

25 ITU currently has four interest-free loans with the Fondation des Immeubles pour les Organisations Internationale (FIPOI). As of 31 December 2024, three of these loans are reflected in the financial statements at fair value. The fourth loan currently does not have a repayment schedule and is therefore valued at amortized cost until repayments under this loan begin. Further information is available under Note 15.

Budget result vs IPSAS result

26 Statement V of the financial statements was prepared based on the regular budget of ITU’s Budget Framework and provides a view of the utilization of the approved regular budget on a modified cash basis. On that basis, the organization achieved a surplus against the approved regular budget of CHF 5.7 million.

27 A reconciliation between budgeted results and IPSAS results is included in the financial statements (Statement V). Note that the financial performance statement (Statement II) includes other areas, such as extra-budgetary contributions, depreciation, and other entity differences that are not included in the budget. Statement V highlights the major differences in the Budget of the organization to the overall revenue and expenses. Note 21, reconciliation between budgeted amounts and actual amounts provides further details.

Responsibility

28 As provided for in Article 30 of the Financial Regulations of the Union, the following financial statements have been prepared in accordance with IPSAS. The financial statements and notes thereto form an integral part of this document and present an accurate view of the Union's financial situation at 31 December 2024.

I. Statement of Financial Position as at 31 December 2024

II. Statement of Financial Performance for the year ended 31 December 2024

III. Statement of Changes in Net Assets for the year ended 31 December 2024

IV. Statement of Cash Flows for the year ended 31 December 2024

V. Statement of comparison: Budget and actual amounts for the year ended 31 December 2024

External audit of the Union

29 Pursuant to Article 28 of the Financial Regulations and Financial Rules, and in accordance with Decision 621 of the Council 2020, the National Audit Office of United Kingdom of Great Britain and Northern Ireland was appointed as External Auditor of the Union's accounts, in a manner decided by the ITU Plenipotentiary Conference and for a four-year term.

Statement on Internal Control for 2024

INTERNATIONAL TELECOMMUNICATION UNION, GENEVA

Statement on Internal Control for 2024

Introduction

As Secretary-General, I am accountable for the administration of ITU, to ensure implementation of its mandate, programmes and other activities. In accordance with Nos 73 bis and 75 of the Constitution (Article 11), and the Financial Regulations and Financial Rules, I am responsible for maintaining a system of internal controls designed to provide reasonable assurance regarding the achievement of ITU's objectives, which include ensuring reliable financial and non-financial reporting; effective and efficient operations; compliance with regulations, rules, service orders and policies; and the prevention and detection of fraudulent activities.

Upon assuming the office of Secretary-General in January 2023, I initiated efforts to transform ITU to address fast-evolving operational challenges to sustain and improve service delivery. This notably includes fostering an accountable and transparent workplace culture; enhancing information systems; embedding risk management in business processes; strengthening internal controls; and improving responsiveness to recommendations from independent assurance providers.

The Transformation Roadmap was approved by Council in 2024. This transformation aims at preparing the organization for future demands amid a fast-evolving technological landscape. Changemakers from across the organization have been supporting this process. In September 2024, the Chief, Transformation Team was appointed to help coordinate transformation endeavours. To that end, a transformation dashboard was introduced to provide up-to-date progress for Member States and other stakeholders. The transformation focuses on administrative processes, support systems, and internal controls, but involves an organization-wide efforts that involve all staff members.

Effectiveness of the Internal Control System and Continuous Improvement

For the assessment and improvement of ITU's internal control system, ITU is increasingly relying on the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework, which underpinned the ITU Accountability Model and Framework endorsed by Council in 2022. The COSO framework emphasizes five interrelated components: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; (5) and control monitoring activities.

As was done in previous years, internal letters of representation were sought from Elected Officials and senior managers to whom I have delegated authority and responsibility under the Financial Regulations and Financial Rules and the Staff Regulations and Rules, for the effective management of internal controls within their areas of authority. In the past, the internal letters of representation exercise focused on the management of funds and related financial matters. For the financial year 2024, in alignment with the five COSO Framework components, the information sought through this exercise has been expanded to solicit their confirmations regarding the application of the internal control system more broadly. These broader views were sought not only to better inform this Statement, but to also to better inform efforts to improve internal controls.

While the results of this new self-assessment component of the Letter of Representation exercise conform with the view that internal controls are adequate in most areas; issues relating to delegation of authority were not captured through the exercise. As ITU sustains its efforts to further strengthen internal controls, it also needs to further engage with managers on the purpose of the Letter of Representation exercise given that their views are indispensable in identifying weaknesses and areas of improvements throughout the organization.

ITU has made improvement in several areas, notably the recruitment of the Chief of the new Oversight Unit; improvement to financial reporting; strengthened management of Special Service Agreement (SSA); sustained efforts to address outstanding oversight recommendations; introduction of a mandatory training policy; and enhanced governance over information and communication technologies. However, continued efforts are required to ensure a more systematic embedding of risk management in business processes, internal control monitoring, and financial accountability.

1. Control Environment

Integrity and conflict of interests. The executive team sets the "tone at the top", demonstrating our commitment to integrity and promoting a strong ethical culture as is in line with the ITU regulatory framework. Senior Management, however, remains vigilant. To that end, the ITU Policy on Declaration of Interests requires that all ITU staff members submit an annual Declaration of Interests and Compliance Statement, which are reviewed by our Ethics Office. The policy also applies to individuals working for ITU under a Special Service Agreement (SSA) with related guidelines on conflict of interest. In addition, new procedures are now in place to strengthen SSA contract management, including managers' certification of the deliverables prior to payments.

Addressing misconduct. Channels to report and address alleged misconduct, including suspected fraud and related proscribed practices were deemed adequate by senior officials consulted via the letters of representation exercise. In that regard, the internal Oversight Unit, established in 2023 pursuant to Council approval, concluded two investigations in 2024, one was substantiated and one withdrawn: neither was related to fraud. Four matters remained under investigation at the end of 2024. Of these, one matter related to medical insurance fraud. This matter has since been closed as unsubstantiated. None of the remaining matters involve fraud and none have any financial impact.

Governing bodies and senior management. In line with the ITU Constitution and Convention the Council, supported by its working groups, guides and oversees the activities of ITU in line with decisions and resolutions of the ITU Plenipotentiary Conferences. Since 2023, risk management and internal controls have been a permanent agenda item for Council sessions. Starting in 2024, senior management's oversight of risk management and internal controls has been coordinated through the Management Coordination Group.

Independent advice and assurance. The Independent Management Advisory Committee (IMAC), which reports to Council, also continues to assist Council and the secretariat in fulfilling governance responsibilities, including ensuring the effectiveness of ITU's internal control system, risk management and governance processes. At its June 2024 session, Council approved a new ITU Internal Oversight Charter. ITU is currently finalizing the alignment of related service orders and policies to the new Charter, including for reporting alleged misconduct, which provides for the Chief of the independent Oversight Unit to report functionally to Council and IMAC, and administratively to the Secretary-General. The Oversight Unit shared its annual report to IMAC, the External Auditor, the Secretary-General, and Council. On 23 September 2024, the new Chief joined ITU to lead the Oversight Unit, which provides independent assurance regarding the effectiveness of internal control system. An evaluation function has also been added to that Unit, and recruitment is currently ongoing.

Outstanding oversight recommendations. In addition to IMAC and the internal audit function, independent oversight assurance is also provided by the Joint Inspection Unit and the External Auditor. In May 2024, ITU initiated a review of all outstanding oversight recommendations, some going back several years. As part of this exercise, staff and managers expended significant efforts, which are continuing, to address the various control weaknesses identified by these recommendations and, in doing so, to help mitigate the underlying risks. Regarding the outstanding recommendations issued by the previous External Auditor, Corte dei conti, a significant number were implemented as part of this exercise. Recommendations for closure of these recommendation will be compiled in a report for IMAC to be discussed with the current External Auditor, the National Audit Office (NAO) of the United Kingdom.

Knowledge and skill development. Senior Management is also committed to fostering a workplace culture grounded in competence, respect, and integrity. In August 2024, a new ITU Mandatory Learning Policy was introduced to build a common foundation of knowledge, to promote a shared organizational culture, and to raise awareness of organizational standards and expected behaviours. The mandatory trainings cover the essential topics of ethical conduct; information security; gender; prevention of sexual harassment, sexual exploitation and abuse; information and communication technology inclusivity; and mission safety travel. Human Resource Management Department (HRMD) launched a “Game Shifter” programme in 2024 to assist general service colleagues in gaining critical skills to advance their careers. Customized technical bureau-specific training on key topics were delivered throughout the year, including through a series of Learning Labs open to all staff on cutting edge tech topics.

Performance management. ITU has enhanced performance management by streamlining the process, particularly with the introduction of a simplified ePMDS tool, allowing for more efficient performance discussions and feedback. A modern, user-friendly Performance Management page has been launched, featuring key process information and guidelines. Performance management training for both staff and supervisors was also provided focusing on key knowledge and skills necessary for successful workplan setting and evaluation.

Voluntary Separation Programme. A second tranche of the Voluntary Separation Programme was launched in accordance with Decision 5 (Rev. Bucharest, 2022) of the Plenipotentiary Conference. The main objectives of the Programme are to provide flexibility for ITU to equip itself with additional skills and competencies, realign its structures, and better use its resources necessary to deliver its mandate.

Staff wellbeing. Senior management took meaningful steps to address issues raised in the 2023 UN-Wide Health Survey. Actions were developed at the Senior Management Retreats in March and November 2024***,*** including a prioritization exercise, work on performance management, rewards and recognition***,*** transformation initiatives and a review of the internal justice system. Based on the outcomes of the survey, ITU developed the first-ever Mental Health and Wellbeing Action Plan that focuses on both the individuals and the environment in which they work. Wellbeing sessions were delivered at headquarters and at field offices, along with 390 individual counselling sessions. Sessions on microaggressions, preventing harassment and unconscious bias were conducted in late 2024. The first session of the Inclusive Leadership programme was completed in 2024, with more scheduled for early 2025 to focus on adaptive leadership across the organization. The programme objective is to enhance inclusiveness, collaboration, respect and wellbeing across ITU.

In January 2025, an ITU Staff Engagement Survey was launched to understand employees' level of commitment, motivation and connection with work and the organization. The objective of the survey is to drive efficiency and effectiveness within ITU, and pinpoint areas needing enhancement in workplace culture, management practices and operational efficiency. The staff response rate reached 72%, with overall positive results in employees' level of engagement with their work, mixed with areas for improvement such as internal communication, reward and recognition, and workload management. A series of follow-up actions are underway to ensure meaningful and measurable changes, supported by Engagement Ambassadors, and including joint action planning sessions with bureaux and departments in 2025.

2. Risk Assessment

Risk management process. The ITU risk management process, covering the identification and assessment of risks, and related risk responses, are recorded in a corporate risk register pursuant to engagement by the Organizational Business Risk Manager with risk owners. Significant risks are nonetheless continually monitored, and updates are brought to the attention of the Management Coordination Group and are posted on the Council webpage. The last update in 2024 saw a reduction in the severity of the most significant risk, which relates to working methods at major events, due to the introduction in September 2024 of a more resilient client service system ERP module. An additional financial risk was also added to the significant risks, which is related to budgetary challenges linked to cost-recovery revenues. Further work is needed to integrate risk management activities with results-based management (RBM), which would allow us to implement the Enterprise Risk Management (ERM) framework prescribed by the2020 ITU Risk Management Policy.

Data breach. In 2025 a data breach occurred within the Telecommunication Standardization Bureau, involving unauthorized access to a limited set of information. The breach was promptly contained, and corrective measures have been implemented to enhance system security, reinforce access controls, and prevent future incidents.

Result-Based Management weaknesses*.* Further clarity is needed on objectives that need to cascade down and across the department, division, or unit level through result-based management. In line with the 2023 Financial Transformation Plan and the 2024 senior management internal control plan, work is ongoing to strengthen our RBM to improve the effectiveness of the organization's programmes. Significant additional work is required in this area of the transformation roadmap.

Specialized risk management. Risk registers are also maintained by specialized functions. This includes the information security function, which has developed a comprehensive risk management framework based on the globally accepted Control Objectives for Information and Related Technologies IT governance framework (better known as simply COBIT), supported by a granular IT risk register to monitor and respond to fast-evolving threats to ITU information systems. There is also a risk register dedicated to the new headquarters building project, managed by Building Project and Facilities Management. Oversight is provided by the Member States Advisory Group (MSAG), with financial reports being regularly shared with the Host Country. In addition to the MSAG, governance for the project is also provide by the New Building Management Board and the Steering Committee.

3. Control Activities

Financial reporting. ITU remains on track to deliver the Financial Statements 2024 which had been shared with the NAO on 10 March 2025, to be submitted to Council within the agreed timelines. This reflects continued improvements in financial reporting. A comprehensive review of internal accounting processes has strengthened financial controls and improved the management of extra budgetary fund accounting, ensuring greater accuracy and compliance. The ITU has updated its accounting policies, enhanced its reconciliation processes, and introduced a more rigorous year-end closure review, addressing past challenges and streamlining workflows. However, ITU recognizes the need to further strengthen internal controls, reporting mechanisms, and the clear definition of roles and responsibilities, particularly in the management of extrabudgetary funds. Measures are being developed to enhance oversight, ensure compliance, and improve financial controls for these funds, such as develop clear Standard Operating Procedures (SOPs) on end-to-end processes for all extrabudgetary funds for the whole organization and to clearly develop roles and responsibilities associated with the key management functions.

Financial management. In June 2024, the ITU Council approved the revised Financial Regulations, and the Secretary-General has updated the Financial Rules, thereby reinforcing the governance framework for financial management. Additionally, ITU has introduced stronger accounting policies regarding the role of the Treasury Committee and the management of its investments through the Investment Policy, thus ensuring a more structured and transparent approach to treasury operations. These ongoing enhancements reflect ITU's commitment to strengthening financial controls and ensuring the reliability and integrity of financial reporting.

The variance between budgeted and actual cost-recovery revenues continues to pose a challenge. In the absence of meaningful leading indicators to inform cost-recovery forecast, ITU is conducting monthly revisions of historical data, planned volume, and demand sensitivity analysis.

Roles, responsibilities and delegation of authority. While senior officials consulted through the letters of representation exercise deem appropriate the reporting structure, with delegation of authority, responsibility, and related accountability; a recent review conducted by the HRMD revealed the need for better understanding down and across the organization, especially as it pertains in many instances to the allocation and discharge of delegated authority and responsibility for specific areas internal controls. HRMD has already deployed resources to address this material issue in order to develop a comprehensive delegation of authority framework. This will be followed by engagements with managers across the organization to ensure that the framework is properly implemented within their areas of accountability.

Segregation of duties. The introduction of the Procurement Manual in September 2022 articulates the principle of segregation of duties for the procurement process and has addressed several outstanding oversight recommendations. The new Head, Procurement Division, who joined at the end of 2024, will develop a segregation of duties matrix derived from the Manual for ease of reference for non-procurement staff members involved at any stage of a procurement process.

Policy Modernization. In 2024, HRMD embarked on an initiative to modernize ITU's policies to address the needs of both current and future workforce. Using other United Nations system organizations as benchmarks, the aim is to update current policies or introduce new ones to meet ITU's evolving workforce needs. This includes procedures and guidelines for SSA contract holders, and a service order on the establishment of the Ombudsman function at ITU which will be issued shortly. In the coming months, ITU will issue updates covering the use and management of short-term contract personnel, rental subsidies, education grants, and dependency allowances.

Control over technology. The Information and Communication Technology Governance Committee (ICTGC) was established to oversee and strategically manage all governance aspects of Information Technology (IT), cybersecurity, and information/data governance within ITU, including optimizing the allocation of ICT resources and ensuring that proper IT related risk management activities are conducted. The establishment of the ICTGC, which has been holding regular sessions, addressed several outstanding oversight recommendations that were previously issued.

Safety and security. In 2024, ITU initiated an important safety and security systems upgrade through the deployment of standardized IT and security assets in regional, area and liaison offices in line with the mandatory requirements of the United Nations Security Management System. The objective of these upgrades is to ensure a consistent level of safety and security across all ITU premises, through standardized equipment that is operationally supported from headquarters. The upgrade has been completed in Bangkok, Jakarta and New Delhi, Cairo, Moscow and Addis Ababa. The installation in the remaining offices will be completed in 2025.

4. Information and Communication

Portal emails, corporate intranet and Town Hall meetings. Portal emails and the corporate intranet provide ITU staff members with necessary information concerning the functioning and improvement of internal controls such as the introduction of new policies, service order updates, and various office memoranda, notably on recurring topics and reminders concerning various obligations of personnel. HRMD have developed and posted comprehensive "frequently asked questions" documents in 2024 notably concerning teleworking arrangements, the launch of the second tranche of the Voluntary Separation Programme, and the mandatory learning policy. Furthermore, internal control-related information is provided at regular Town Hall meetings, ensuring widespread awareness across the organization.

ITU Website Project. The ITU Website Project has been launched, with partial funding allocated by Council 2024. The project's aims include addressing the shortcomings of the website navigation and search functionalities.

Dashboards. Real-time information is increasingly being leveraged to assist staff and management to perform their internal control responsibilities. For instance, the Corporate Financial and Performance Analysis dashboard allows for dynamic trend analysis and reporting on items such as travel expenses, general ledger, overall budget implementation and forecasting. In 2024, non-operational budget ICT and Building Capitalization funds data were included, as well as an automatic archive function that provides an audit trail of the evolution of budget implementation. Extra-budgetary funds will be included in the dashboards in 2025. Furthermore, workshops to familiarize managers with this tool and how to interpret the figures will be rolled out in 2025. To complement the Human Resources Workforce Analytics portal, additional dashboards have been developed to monitor teleworking and completion rates in mandatory training.

5. Monitoring Activities

Internal audit engagements. In 2024, the internal audit function, which provides independent assurance regarding the governance, risk management and effectiveness of the ITU internal control processes, issued four audit reports. The reports were also shared with the IMAC and the External Auditor. Internal audit engagements were planned, performed and reported on, in accordance with the Oversight Charter. The internal audit findings underscore the need for enhanced governance and control effectiveness. Executive managers have committed to addressing these through recommended actions, with the Oversight Unit monitoring progress via the compliance dashboard.

***Second-line control monitoring reviews*.** In 2024, the Organizational Business Risk Manager conducted or coordinated second-line control monitoring reviews to evaluate whether specific internal controls are present, are adequate and have been complied with, while at the same time assessing their proper functioning and robustness where warranted. Three reviews were conducted:

(1) Compliance Review of UN TRIP & BSAFE Requirements;

(2) Cloud Services Cryptographic Key Management; and

(3) Procurement Activities and Segregation of Duties.

Results of these reviews were communicated to the responsible managers, notably to take corrective measures, including escalating identified material deficiencies where warranted. Time and resources permitting, ITU is planning to conduct additional reviews in 2025.

Conclusion and Commitments

This Statement on Internal Control, for the year ending 31 December 2024, demonstrates our commitment to the improvement of the internal control system. Throughout the year, progress has been achieved through the implementation of various initiatives since 2023, including the strengthening of financial reporting and management and efforts to address recommendations from independent assurance providers. While the internal control system is overall adequate, areas of improvement remain, including roles, responsibilities, and related accountability for the management of internal controls. Addressing these core issues will enhance my confidence in the internal control system's effectiveness to deliver the level of assurance we aim for going forward.

(original signed)

Doreen Bogdan-Martin

Secretary-General

Geneva, 29 May 2025

External audit opinion

Opinion on financial statements

I have audited the financial statements of the International Telecommunication Union for the year ended 31 December 2024, which comprise the

– Statement of Financial Position as at 31 December 2024,

– Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of comparison – Budget and actual amounts for the year then ended, and

– the related notes, including the significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects the financial position of the International Telecommunication Union as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Opinion on regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Council of the International Telecommunication Union and the financial transactions conform to the International Telecommunication Union's Financial Regulations.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) and the International Telecommunication Union's Financial Regulations. My audit of regularity was undertaken using the principles set out within the ISAs. My responsibilities under these standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the International Telecommunication Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Other information

Management is responsible for the other information. The other information comprises information included in the Financial Operating Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the International Telecommunication Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the International Telecommunication Union or to cease operations, or has no realistic alternative but to do so.

Management and those charged with governance are responsible for overseeing the International Telecommunication Union's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs:

- I exercise professional judgment and maintain professional scepticism throughout the audit.
- I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Telecommunication Union's internal control.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- I conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the International Telecommunication Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the International Telecommunication Union to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

In addition, I am required to obtain sufficient appropriate evidence to give reasonable assurance that the revenue and expenses reported in the financial statements have been applied to the purposes intended by the Council of the International Telecommunication Union and the financial transactions conform to the Financial Regulations which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report

I have also issued a long-form audit report on the results of my audit.

(As per signed original)

Gareth Davies
Comptroller and Auditor General of the United Kingdom
National Audit Office
157-197 Buckingham Palace Road
Victoria
London. SW1W 9SP
United Kingdom

Date: 30 May 2025

Financial Statements

Statement I: Statement of Financial Position

As at 31 December 2024
(In thousands of CHF)

Description	Notes	31 December 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents	6	210,030	155,868
Investments	7	-	35,070
Receivables	8	20,546	19,578
Other receivables	9	7,349	6,238
Total current assets		**237,925**	**216,754**
Non-current assets			
Property, plant and equipment	10	57,210	59,459
Intangible assets	11	6,999	2,949
Assets under construction	12	4,592	26,597
Receivables, non-current	8	15,986	2,780
Total non-current assets		**84,787**	**91,785**
Total ASSETS		**322,712**	**308,539**
LIABILITIES			
Current liabilities			
Payables	13	11,478	13,042
Deferred revenue	14	85,662	78,493
Borrowings and financial debts	15	1,391	1,391
Employee benefits, current	16	318	527
Other liabilities	17	8,765	4,835
Total current liabilities		**107,614**	**98,288**
Non-current liabilities			
Borrowings	15	51,918	51,657
Employee benefits, non-current	16	441,110	398,861
Deferred revenue, non-current	14	40,038	17,088
Total non-current liabilities		**533,066**	**467,606**
TOTAL LIABILITIES		**640,680**	**565,894**
TOTAL NET ASSETS		**(317,968)**	**(257,355)**
ITU reserve account	4	30,667	26,271
Other reserves & funds	4	65,050	65,556
Extra-budgetary funds	4	14,363	13,354
ASHI actuarial gains/(losses)	16	(837)	31,911
Accumulated Surpluses/(deficit)		(427,211)	(394,447)
RESERVES AND FUNDS BALANCES		**(317,968)**	**(257,355)**

Statement II: Statement of Financial Performance

As at 31 December 2024
(In thousands of CHF)

Description	Notes	32 December 2024	31 December 2023
REVENUE	18		
Assessed contributions		130,917	127,562
Extra-budgetary contributions		21,291	18,952
Other operating revenue		32,440	34,145
Total revenue		**184,648**	**180,659**
EXPENSES	19		
Employee expenses		142,549	150,724
Mission expenses		8,177	7,788
Contractual services		20,637	21,821
Rental and maintenance of premises and equipment		4,002	3,537
Equipment and supplies		3,177	3,150
Depreciation, amortization and impairement losses		26,295	5,660
Shipping, telecommunications and service expenses		2,125	2,673
Movement in impairment / provision		11,401	4
Other expenses		3,653	1,804
Total expenses		**222,016**	**197,161**
Finance revenue / (cost)	20	9,503	(8,272)
Surplus/(deficit) for the period		**(27,865)**	**(24,774)**

Statement III: Statement of Changes in Net Assets

As at 31 December 2024
(In thousands of CHF)

Description	ITU Reserve account	Other reserves & funds	Extra-budgetary reserves	ASHI actuarial gains / (losses)	Accumulated surplus / (deficit)	Net assets Total
31 December 2022	**28,388**	**64,322**	**14,036**	**51,435**	**(371,238)**	**(213,057)**
Surplus/(deficit) for the year 2023	(2,117)	1,235	(683)		(23,209)	**(24,774)**
Other adjustments				(19,524)		**(19,524)**
31 December 2023	**26,271**	**65,557**	**13,353**	**31,911**	**(394,447)**	**(257,355)**
Surplus/(deficit) for the year 2024	5,396	(1,507)	1,010		(32,764)	**(27,865)**
Other adjustments	(1,000)	1,000	-	(32,748)		**(32,748)**
31 December 2024	**30,667**	**65,050**	**14,363**	**(837)**	**(427,211)**	**(317,968)**

For further information, see Note 4.

Statement IV: Statement of Cash Flows

For the year ended 31 December 2024
(In thousands of CHF)

Description	Notes	31 December 2024	31 December 2023
Cash flow from operating activities			
Total Surplus (deficit) for the period	Statement II	(27,865)	(24,774)
Depreciation, amortisation and impairment losses	10,11	26,295	5,660
ASHI provision	19	7,816	11,645
(Increase) / decrease in receivables	8	(20,344)	(6,706)
(Increase) / decrease in other receivables	9	(1,007)	(1,084)
(Increase) / decrease in inventories		-	307
Increase / (decrease) in payables	13	(1,665)	2,497
Increase / (decrease) in deferred revenue	14	27,879	(830)
Increase / (decrease) in employee benefits	16	1,476	(498)
Increase / (decrease) in other liabilities	17	3,967	1,146
Provision for doubtful receivables	8	6,401	(1,786)
Increase / (decrease) on revaluation of long-term borrowings	15	652	4,055
Interest (received) / paid	18	(4,645)	(4,559)
Unrealized exchange-rate (gains) / losses on operations	18	1,962	17
Cash flow from operating activities		**20,922**	**(14,912)**
Cash flows from investing activities			
Interest received from investments	18	4,645	4,559
Investments purchased during the year	7	(36,789)	(75,802)
Proceeds from the sale of investments	7	74,473	52,928
Unrealized exchange-rate (gains) / losses on investments	18	(2,614)	2,614
Acquisition of property, plant and equipment	10	(69)	(86)
Proceeds from disposals of property, plant and equipment	10	2	-
Acquisition of intangible assets	11	(2,584)	(773)
Increase in Assets under construction	12	(3,433)	(7,191)
Net cash flows from investing activities		**33,631**	**(23,750)**
Cash flows from financing activities			
Repayment of long term borrowings	15	(1,391)	(1,391)
Increase in long term borrowings	15	1,000	2,053
Net cash flows from financing activities		**(391)**	**662**
Net increase / (decrease) in cash and cash equivalents		**54,162**	**(38,000)**
Cash and cash equivalents at opening of period	**6**	**155,868**	**193,868**
Cash and cash equivalents at closure of period		**210,030**	**155,868**

Statement V: Statement of comparison – Budget and actual amounts

For the year ended 31 December 2024
(In thousands of CHF)

	Budgeted amounts			Actual amounts on a comparable basis	Difference final budget and actual amounts
	Initial Budget 2024	Deferred Activity	Final budget 2024		
Revenue					
Assessed contributions	129,574	203	129,371	129,889	518
Cost recovery	34,500		34,500	28,412	(6,088)
Finance Cost/Rev	1,000		1,000	3,635	2,635
Other revenue	400		400	875	475
Withdrawal from Reserve Account	605		605	-	(605)
Payment into to ICT and Building Funds	(1,750)		(1,750)	(1,750)	-
Contribution Area Office Delhi	604		604	421	(183)
Total revenue	**164,933**	**203**	**164,730**	**161,481**	**(3,249)**
Expenses					
General Secretariat	90,789		90,789	85,578	5,211
Radiocommunication Sector	30,222		30,222	28,654	1,568
Telecommunication Standardization Sector	14,705		14,705	14,617	88
Telecommunication Development Sector	29,217	203	29,014	26,981	2,033
			-		-
Total expenses	**164,933**	**203**	**164,730**	**155,830**	**8,900**
Programme Budget surplus				**5,651**	
Basis differences				(32,765)	
Entity differences				(751)	
Total IPSAS Differences				**(33,516)**	
Surplus/Deficit as shown in the statement of financial performance				**(27,865)**	

Further information on basis and entity differences is contained in Note 21.

Notes to the financial statements

Note 1 Objectives of the Union

International Telecommunication Union (ITU) is the United Nations specialized agency for information and communication technologies (ICTs). As a global focal point bringing together governments and private sector, ITU assists the world in communicating through the General Secretariat and it's three Sectors: Radiocommunication Sector, Telecommunication Standardization Sector and Telecommunication Development Sector. ITU fully recognizes each State's sovereign right to regulate its telecommunications.

ITU was the entity with prime responsibility for organizing the World Summit on the Information Society which took place in 2003 and 2005.

The ITU is made up of 194 Member States and over 1000 companies, universities, and international and regional organizations. Headquartered in Geneva, Switzerland, and with regional and area offices on every continent, a United Nations liaison office in New York and a coordination unit at headquarters for Europe. ITU is the oldest agency in the UN family – connecting the world since the dawn of the telegraph in 1865. Its headquarters is Place des Nations, 1211 Geneva 20, Switzerland.

The purposes of the Union are:

– to maintain and extend international cooperation among all its Member States for the improvement and rational use of telecommunications of all kinds;
– to promote the development of technical facilities and their most efficient operation with a view to improving the efficiency of telecommunication services, increasing their usefulness, and making them, as far as possible, available to the public;
– to promote the extension of the benefits of the new telecommunication technologies to all the world's inhabitants;
– to promote the use of telecommunication services with the objective of facilitating peaceful relations;
– to harmonize the actions of Member States and promote fruitful and constructive cooperation and partnership between Member States and Sector Members in the attainment of those ends; and
– to promote, at the international level, the adoption of a broader approach to the issues of telecommunications in the global information economy and society, by cooperating with other world and regional intergovernmental organizations and those non-governmental organizations concerned with telecommunications.

The Plenipotentiary Conference is ITU's supreme organ. It is convened every four years. In the interval between Plenipotentiary Conferences, the Council, comprised of 48 Member States, shall act, as governing body of the Union, on behalf of the Plenipotentiary Conference in accordance with the delegated powers. The conference:

- determines the Union's general policies;
- adopts four-year strategic and financial plans;
- examines the accounts of the Union and finally approve them, if appropriate;
- elects the Member States which serve on the Council;
- elects the Secretary-General, the Deputy Secretary-General, and the Directors of the Bureau as elected officials of the Union; and
- elects the members of the Radio Regulations Board.

Note 2 Basis for preparation and presentation

The 2024 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Swiss francs, which is the reporting and functional currency of ITU, and values are rounded to the nearest thousand. The accounting policies have been applied consistently to all years presented. The financial year is from January to December.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flow is prepared using the indirect method. The financial statements are prepared on an accrual and going concern basis.

The ITU Financial Regulations and Financial Rules stipulate a biennial budgetary period; however, for a meaningful comparison with the 2024 financial statements, the budget for 2024 is presented on an annual basis in Statement V (Statement of Comparison – Budget and actual amounts).

ITU has applied and complied with the requirements of the IPSAS standards in force at 1 January 2024, and the note 3 on significant accounting policies provides further details.

Future accounting changes

As at 31 December 2024, the date of the Statement of Financial Position, the following IPSAS Standards had been issued, but had not taken effect:

Standard	Title	Effective date	Potential impact in year of adoption
IPSAS 43	Leases	01 January 2025	Sets out the principles for recognition, measurement, presentation, and disclosure of leases. ITU has reviewed its contract portfolio in order to identify material leases and this standard is not expected to have a material impact on ITU's financial statements.
IPSAS 44	Non-current assets held for sale and discontinued operations	01 January 2025	This standard specifies the accounting for non-current assets held for sale as well as presentation and disclosure of discontinued operations. The analysis carried out concluded that there is currently no impact to ITU's financial statements.
IPSAS 45	Property, plant and equipment	01 January 2025	Replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets. ITU has done a review of the standard and of its asset portfolio and does not expect to have major impact on ITU's financial statements
IPSAS 46	Measurement	01 January 2025	IPSAS 46 provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. This standard is not expected to have a material impact on ITU's financial statements.

Standard	Title	Effective date	Potential impact in year of adoption
IPSAS 47	Revenue	01 January 2026	IPSAS 47, Revenue is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. ITU is currently quantifying the impact of this standard on its financial accounts. This will have a significant impact in ITU's financial statements.
IPSAS 48	Transfer expenses	01 January 2026	IPSAS 48, Transfer Expenses provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions. ITU is currently quantifying the impact of this standard on its financial accounts.

ITU continues to assess the impact of the above standards on future financial statements in advance of their effective date.

Furthermore, ITU continues to monitor the development of the exposure drafts (EDs) and actively engages with the work of the IPSAS Board through the United Nations System Task Force on Accounting Standards, noting that their application may have an impact on ITU's future financial statements.

Note 3 Significant accounting policies

Foreign currency transactions

The Swiss franc (CHF) is ITU's functional currency. All transactions occurring in other currencies are converted into Swiss francs at the United Nations operational rate of exchange (UNORE) at the date of the transaction. Both realized and unrealized exchange gains and losses, resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than ITU's functional currency are recognized in the Statement of Financial Performance (Statement II).

Financial instruments

ITU's financial instruments include cash and short-term deposits, investments, receivables from exchange and from non-exchange transactions, trade payable, loans, and borrowings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and short-term deposits with maturity of 90 days or less.

Investments

Fixed-term deposits with a maturity beyond three months and up to nine months that are highly liquid, convertible into a known cash amount and subject to a negligible risk of change in value and are recorded at amortized cost as per IPSAS 41. Investments are presented in the Statement of Financial Position as current.

Financial liabilities and FIPOI loan

Financial liabilities comprise borrowings, other financing, suppliers, and trade payables. They are shown on the Statement of Financial Position as current or non-current liabilities according to whether they fall due in less than or more than one year, respectively.

Borrowings consist of four interest-free loans granted by the Fondation des Immeubles pour les Organisations Internationale (FIPOI) for funding for the construction of the ITU buildings. The reimbursement of the loan granted for the new ITU premises will start only after the successful delivery of the new building which is now estimated to be 2031 as per the revised building project Decision 640 (C24/132). Three loans with repayment schedule through 2051 are level 2 of the Fair value hierarchy and are recognized at fair value through surplus or deficit, while the fourth loan does not yet have a repayment schedule and is therefore recognized at amortized costs.

The three loans with a repayment schedule are recognized initially at amortized cost and subsequently at fair value through surplus or deficit, discounted using the Swiss Confederation 30-year bonds rate of 0.37% at December 2024 (0.50% for 2023). The fourth loan does not yet have a repayment schedule and is therefore recognized at amortized costs Further details are contained in Note 15.

The ITU Headquarter buildings are situated on land owned by the Canton of Geneva. ITU has surface rights, granted at no cost, to the land owned by the Canton of Geneva. Under the surface rights agreement (the "droits de superficie") ITU has rights to use the land until 31 December 2079. No value for land has been recognized as ITU cannot dispose of these rights in a commercial transaction. The useful life of the ITU headquarters buildings is the lower of the useful life of the relevant components of the buildings or the duration of the surface rights.

Receivables

ITU's receivables are classified as receivables and loans and are non-derivative financial assets with fixed or determinable maturity dates that are not traded on an active market. They originate when ITU enters a contractual arrangement with a third party and remain so until the cash transfers associated with those financial assets have been executed and the associated risks and benefits have likewise been transferred to ITU. Such assets are classified as current assets, except those having maturity dates beyond 12 months after the date of closure, which are classified as non-current assets.

Receivables from exchange transactions, are originated by the sale of publications or satellite network filings, and receivables from non-exchange transactions, are originated by assessed contributions, and extra-budgetary contributions.

Receivables for Satellite Network filings are established upon receipt of the filing by the Radiocommunication Bureau.

Receivables are recognized at the fair value of the consideration receivable.

At each reporting date ITU assesses the fair value of the receivables and an allowance is recognized where appropriate.

Property, plant and equipment

Property, plant and equipment is valued at cost less accumulated depreciation and impairment. Equipment is recognized as an asset if it has a cost of CHF 5 000 or more per unit and it is depreciated on a straight-line basis. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance. Heritage assets including donated works of art are not valued in the financial statements.

Goods with a value lower than CHF 5 000 are capitalized at the time of receipt and subsequently depreciated in full at the year of acquisition.

Property and equipment acquired in connection with projects conducted under extra-budgetary activities are fully recognized as expenses in the Statement of Financial Performance at the monthly closure following acquisition as they are not controlled by ITU.

The table below illustrates the estimated useful life for assets.

Categories and subcategories of property, plant and equipment and intangible assets	Estimated useful life (in years)
Property, plant and equipment	
Buildings	
- Structure	60
- Envelope (flat roof, insulation, sealing…)	40
- Envelope (metal façades, aluminium window-frames…)	40
- Interior finishing (raised flooring, partitions…)	25
- Interior finishing (floor, wall and ceiling coverings…)	25
- Special equipment	25
- Technical installations (electricity)	50
- Technical installations (plumbing)	40
- Technical installations (heating, ventilation)	30
- Transport facilities	40
- Other building assets	10
Machinery and equipment	5
Furniture and fixtures	5
Vehicles	5
Computer hardware	3
Intangible assets	
IT licences and software	3 - 10 *

* The estimated useful life of acquired IT licenses and software is based on the duration of the contracts.
The estimated useful life of internally developed software is based on the analysis performed by the respective business owners', as ITU owns the software and therefore there is not a set duration of the underlying licenses.

At each annual closure date, ITU assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recorded in the Statement of Financial Performance when the carrying amount exceeds the recoverable amount. During 2024 ITU conducted a detailed review of the Asset Under Construction and an impairment of CHF 21 million has been recorded in the Statement of Financial Performance (see note 12 for details).

Intangible assets

Intangible assets (IT licenses and software) held by ITU, comprise of internally developed and externally acquired assets. They are recognized at historical cost less accumulated amortization and impairment losses. Costs that are directly associated with the internal development of software for use by ITU are capitalized as intangible assets only if the recognition criteria under IPSAS 31 are met.

Capitalization Thresholds:

- Intangible assets (IT licenses and software) acquired externally with a value less than CHF 5 000 are capitalized and fully depreciated within the same fiscal year to facilitate inventory tracking.
- Intangible assets (IT licenses and software) acquired externally with a value of CHF 5 000 and above are capitalized and depreciated over a period of three years or over the duration of the underlying contractual terms.
- Internally developed intangible assets (software) with a value exceeding CHF 50 000 are capitalized and assigned a minimum useful economic life of three years or longer, based on the anticipated future economic benefits. Only directly attributable development costs, including personnel costs and relevant overheads, are capitalized. Costs related to research phases are expensed.

Amortization and Maintenance:

Amortization for capitalized assets is calculated using the straight-line method over their estimated useful lives, which may be extended based on business needs and the duration of expected future economic benefits.

Costs associated with maintaining intangible assets are expensed.

At each annual closure date, ITU assesses whether there is any indication that an intangible asset may be impaired. Irrespective of whether there is an indication of impairment, ITU tests annually intangible assets not yet available for use. The impairment test is performed by comparing the recoverable amount to the carrying amount, and an impairment loss is recorded in the Statement of Financial Performance when the carrying amount exceeds the recoverable amount.

Provisions

Provisions are recognized when ITU has a legal or constructive obligation resulting from a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

Contingent assets and liabilities

Contingent assets and liabilities are possible rights or obligations arising from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within ITU’s control.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where ITU has a present obligation but cannot reliably measure the possible outflow of resources. At present ITU has no contingent assets and no material contingent liabilities.

Employee benefits

The following employee benefits are recognized:

– Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) and other benefits (education grant, home leave, etc.). An expense is recognized when employees render service to ITU, and a liability is recognized for an entitlement that has not been settled at the reporting date.

– Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting period and relate to repatriation grants, and accumulated leave. The liability recognized for repatriation grants is the present value of the defined benefit obligations at the reporting date. This liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.
– Obligations concerning the After-Service Health Insurance (ASHI); and
– Obligations relating to the former pension plan to define ITU's obligations at the date of closure of the period.

ITU is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances, and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. ITU and the UNJSPF, in line with the other participating organizations in the Fund, are not able to identify ITU's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, ITU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. ITU's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

As of 1 January 2020, ITU joined the United Nations Staff Mutual Insurance Society against sickness and accident (UNSMIS). ASHI obligations are the subject of an actuarial study pursuant to IPSAS 39 to identify and recognize the amount of ITU's future liability in relation to the corresponding benefits.

ITU's ASHI obligations provides the right to benefit from ASHI coverage which is acquired and accumulated during the retirees' active service in the organization. The liability recognized for this plan is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost and current service costs are recognized on the Statement of Financial Performance as a component of staff costs. Actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are directly recognized in net assets.

The assumptions concerning ITU are described in Note 16 relating to employee benefits.

Recognition of revenue

Non-exchange Revenue from assessed contributions, extra-budgetary contributions (voluntary contributions and sponsorships) received or confirmed through a binding agreement are recognized as non-exchange transaction in accordance with IPSAS 23.

- *Assessed contributions:*

Assessed contributions refer to contributions from Member States, Sector Members and Associates. The Plenipotentiary Conference establishes the upper limit of the contributory unit to serve as the basis for calculating the Union's revenue for the biennial budgets for the next four years. This is currently approved until 31 December 2027. Member States and Sector Members are free to choose their class of contribution for defraying Union expenses in accordance with the relevant provisions of the ITU Constitution, and pay, in respect of the year of their accession or admission, a contribution calculated as from the first day of the month of accession or admission. This revenue is used to implement the Union's activities as defined by the Plenipotentiary Conference.

The assessed contributions are recognized as revenue on an annual basis, on the first day of the year to which they relate.

- *Extra-budgetary contributions:*

Extra-budgetary contributions consist of voluntary contributions and sponsorships that are initially recognized as revenue at the time the agreement between ITU and the donor becomes binding and when control over the underlying asset is obtained unless the agreement includes conditions as per IPSAS 23. In other cases revenue is fully recognized, as per IPSAS 23.

Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement and an enforceable return obligation to return the amounts if they are not used in the specified manner. The amount recognized as a liability is the best estimate of the amount required to settle the obligation at the reporting date.

In the situation where agreements are signed, no contributions are received, and the agreement relates to future financial periods then it is recognized as deferred revenue.

- *Deferred revenue - Allocated third-party funds (Statement of Financial Position)*

These funds are provided by third parties to support the Union in implementing projects in developing countries, including least-developed countries, small island developing states, land locked developing countries and countries with economies in transition. Such contributions are tied to contractual conditions. Such fundings are recognized as revenue only where donors have committed in writing and as expenses are incurred. Funded projects begin only once the funds have been paid to ITU. At the financial period's closure, the unused balance of such funding is recognized in the third-party allocated funds within deferred revenue in the Statement of Financial Position. In some specific and exceptional cases, the funds are paid to ITU as a reimbursement of expenses already incurred.

- *Deferred revenue Allocated third-party funds are detailed as follows (statement financial position):*

  i. Trust funds

  Trust funds are voluntary contributions with specific and restrictive utilization. These contributions generate support costs during the execution and implementation of the projects. In 2024 the implementation of the project generated CHF 1.2 million in support costs which were charged to the project and credited to the ITU budget.

ii. Voluntary contributions

Voluntary contributions are received from donors to complement specific regular budget activities like seminars, working groups, study groups, training, and fellowships. Voluntary contributions can finance long-term activities. Voluntary contributions do not generate any support costs.

ITU maintains accounts for voluntary contributions in the currency of the contribution and manages the projects based on the budget allocated in the currency of the funding, unless otherwise specified.

Revenue from exchange transactions is recognised at the fair value of the consideration received or receivable when goods and services are delivered in accordance with IPSAS 9.

Exchange revenue is comprised of products and services for which ITU applies the principle of cost recovery, namely:

– publication sales: revenue is recognized at the time when the publications are dispatched, or when data in electronic form becomes accessible;
– processing of satellite network filings: revenue is recognized at the time when the final publications of the filing in the BR International Frequency Information Circular (IFIC) occurs; until then, all previous billing is recognized as deferred revenue;
– registration of universal international freephone numbers (UIFN): ITU receives contributions upfront for providing services for the registration of universal international freephone numbers (UIFN) and the registration of universal international premium-rate numbers (UIPRN) and universal international shared-cost numbers (UISCN).

Segment reporting

Segment reporting is based on ITU's Sectors and main activities, as well as financing sources and other funds established to manage the financial resources of the organization. The segments reflect ITU's work programme for 2024-2027.

Inter-segment transfers include revenue and expense arising from transfers between segments. Such transfers are accounted for at cost for each segment and eliminated on consolidation.

The ASHI annual Adjustment has been allocated based on the headcount of each Sector.

The Union's assets and liabilities, other than those representing its net assets, fall under the ownership or responsibility of the organization as a whole and do not constitute assets and liabilities of its component parts. ITU's assets and liabilities are not allocated to individual segments, since the ownership rests with the Organization as a whole.

Statement of comparison – Budget and actual amounts

The budget of the Union for 2024 is based on Decision 5 (Rev. Bucharest, 2022) entitled "Income and expenditure for the Union for the period 2024-2027" and the Strategic Plan for the Union for 2024-2027 set out in Resolution 71 (Rev. Bucharest, 2022).

Furthermore, the programme budget is coordinated with the operational plans of the Sectors and the General Secretariat.

Pursuant to IPSAS 24, the annual financial statements include a comparison between budgeted amounts and actual amounts (Statement V). The budget of the Union for 2024-2025 is composed of two annual budgets. A budget estimate has been made for each of the financial years.

The final budget for 2024 was approved by the Council at its 2023 session by Resolution 1417 (C23/115). Statement V contains a comparison of the budget and actual amounts. Since the budget and the financial statements were not prepared on the same basis, Statement V contains a reconciliation between the budget and the Statement of Financial Performance (Statement II). The Entity differences reflect the incorporation of extra budgetary funds in the Union's financial statements, while the Basis differences reflect expenses and revenue that are not included in the budget of ITU or treated differently under IPSAS requirements. Further details can be found under Note 21.

Use of Estimates

The financial statements include amounts based on estimates and assumptions by management. The bases for establishing estimates and assumptions are reviewed for reasonableness as part of the preparation process of the financial statements. Estimates include, but are not limited to: ASHI, repatriation grants and travel, (the value of which are calculated by an independent actuary), other employee benefit liabilities, provisions for litigation, financial risk on accounts receivable, accrued charges and the degree of impairment of tangible and intangible assets. Actual results could differ from these estimates. Changes in estimates are reflected in the period in which they become known.

All balances are presented in thousands of Swiss francs, as a result small rounding differences may occur.

Note 4 Management of net assets

As of 31 December 2024, the Union's net assets comprise the following components:

1. ITU reserve account,
2. Other reserves and funds,
3. Extra-budgetary reserves,
4. ASHI actuarial gains / (losses) through net assets, and
5. Accumulated surplus / (deficit).

ITU Reserve Account

The ITU Reserve Account is established in accordance with No. 485 of the ITU Convention and Article 27 of the Financial Regulations. It is funded through:

- Positive or negative balances from regular budget implementation for each financial year.
- Transfers from other reserves or funds as decided by the Council.
- Other credits as prescribed by applicable accounting standards.

Withdrawals from the Reserve Account may only be made by a special decision of the Council, and its usage is limited to:

- Reducing the contributory unit.
- Balancing the Union's budget.
- Transfers to other reserves or funds.
- Adjustments prescribed by applicable accounting standards.

The movements on the ITU Reserve Account are noted in the table below.

Description (CHF '000)	31 December 2024	31 December 2023
Opening balance - 01 January 2023 and 2024	26,271	28,388
Allocation of surplus from Budget	5,652	1,424
Voluntary Separation Programme - ITU Council 6 of Decision 5 (Rev. Bucharest, 2022)	(256)	(3,410)
Investigation costs - ITU Council ninth plenary meeting Decision 613	-	(131)
Transfer to ASHI fund	(1,000)	
Total	**30,667**	**26,271**

At 31 December 2024, the assets of the Reserve Account stood at CHF 30.7 million (CHF 26.3 million in 2023). The assets of the Reserve Account represent 18.6% of the 2024 budget, which is significantly above the 6% threshold stipulated in Decision 5 (Rev. Dubai, 2022).

Other reserves and funds

Other reserves and funds are established to support ITU's long-term projects, operational needs, and unforeseen liabilities. These include:

1. Savings from previous year: Retained savings from prior budget cycles;
2. Investment funds: which comprises the building maintenance fund and the ICT capital fund;
3. The new building reserve: created to complement the budget financed through the loan granted by the FIPOI. This additional budget represents CHF 20.14 million received from sponsors, donations and from savings allocated further to the 2018 surplus;
4. The risk register fund: created for unforeseen cost overruns for the new building project;
5. The welfare fund: This fund is managed by the Secretary-General and is used to finance activities for the staff in concert with the ITU staff council. The main revenue is the commission paid by the ITU catering service and the main expenses relate to subventions of the ITU clubs and organization of the Staff party
6. The centenary fund has been created to celebrate the 100th ITU anniversary. However, the Council has decided to allocate the remain funds to modernize the library
7. Superannuation and Benevolent Funds (SS&BF): comprise the Reserve and Complement fund, and the Assistance fund: These funds are related to the pensions of employees who were in service prior to 1 January 1960, the date on which ITU became affiliated to the UNJSPF. Under Article 86 of the Regulations of the ITU Staff Superannuation and Benevolent Funds are managed by the Union and invested in trustee securities;
8. ASHI Fund: established to fund the long-term After-Service Health Insurance (ASHI) liability; and
9. Health insurance fund is related to the CMIP (Continuation Medical Insurance Plan) guarantee fund, which constitutes the guarantee fund set-up for the ITU health Insurance scheme back in 2014 when the Organization was with the previous insurer before UNSMIS.

The movement in ITU of other reserves and funds are shown in the table below.

Description (CHF '000)	31 December 2024	Surplus / (deficit) - 2024	Transfers	31 December 2023
Other reserves				
- Savings from previous year	**2,098**	**(673)**		**2,771**
- *Decision 619*	*807*	*(230)*		*1,037*
- *Deficit Financed from Resolution 1405 (Bucharest)*	*1,291*	*(443)*		*1,734*
Investment fund	13,706	230		13,476
New Building Reserve	21,906	(1,372)		23,278
Risk Register fund	3,430	-		3,430
Welfare fund	315	1		314
Centenary fund	212	-		212
SS&B Reserve and Complement fund	6,833	305		6,528
SS&B Assistance fund	279	3		276
ASHI fund	15,000	-	1,000	14,000
Health Insurance fund	1,272	-		1,272
Total net assets - other reserves and funds	**65,051**	**(1,506)**	**1,000**	**65,557**

Extra-budgetary reserves

Reserves that support ITU's projects and initiatives outside the regular budget framework, comprising:

- *Allocated reserves*

Established to finance ongoing internal projects. The movements represent expenses related to the implementation of projects and the allocation of internal funds coming from the regular budget or the ICTDF fund.

- *ITU exhibition working capital fund*

Following the abrogation of Resolution 11 (Bucharest, 2022), in 2024 as per Resolution 1427 (document C24/134), CHF 0.465 million has been paid from this fund to ICTDF fund and the remaining balance is still in the Exhibition working capital fund to fulfilling all obligation to the Telecom staff.

- *ICT Development Fund*

Supports national and regional ICT development projects, funded through surplus revenue from ITU TELECOM events and contributions from members or third parties. The ICTDF also includes contributions paid by members or third parties for the financing of ICT development projects.

- *Other Unallocated reserves*

Comprises remaining balances from internal closed projects available to finance new projects or regional initiatives.

The movement in ITU extra-budgetary reserves are shown in the table below.

Description (CHF '000)	31 December 2024	Surplus / (deficit) - 2024	Transfers	31 December 2023
Extra-budgetary allocated Reserves	**10,575**	**731**	**2,821**	**7,023**
Extra budgetary allocated reserves	10,387	734	3,286	6,367
ITU Exhibition working capital fund	188	(3)	(465)	656
Extra budgetary unallocated reserves	**3,788**	**279**	**(2,821)**	**6,330**
- ICT Development fund	3,672	279	(2,306)	5,699
- Other extrabudgery unallocated reserves	116	-	(515)	631
Total net assets - Extrabudgetary reserves	**14,363**	**1,010**	**-**	**13,353**

Actuarial Gains/(Losses) on ASHI Recognized in Net Assets

Actuarial gains and losses from the periodic valuation of ASHI obligations are directly recognized in net assets in accordance with IPSAS requirements. These amounts reflect changes in actuarial assumptions or differences between expected and actual outcomes.

Accumulated Surplus/(Deficit)

The accumulated surplus/(deficit) represents the cumulative results of ITU's operations over time, adjusted for transfers to and from reserves. Movements in the accumulated surplus/(deficit) are also shown in the Statement of Changes in Net Assets.

Note 5 Financial risk

In the course of its work, ITU is exposed to several financial risks including credit risk, market risk (Foreign exchange currency risk), interest rate risk and liquidity risk. This note presents information on ITU exposure to each of the above risks and outlines the principles adopted by ITU to manage those and to preserve its capital. The management of financial risks is centralized under the responsibility of the Secretary-General.

In accordance with International Public Sector Accounting Standards (IPSAS) 41, ITU's cash and cash equivalents are carried in the financial statements at amortized cost. This measurement reflects the amount of cash on hand and the value of assets that can be readily converted into known amounts of cash, minus any applicable reductions in value or impairments, as of the reporting date.

The fair value of supplier payables, and other current liabilities and voluntary contributions approximate their recorded carrying amount due to their short-term nature.

The borrowings (loans) are recorded in the accounts at fair value if they have a repayment schedule or at amortized costs if without a repayment schedule (see Note 15).

a) Credit risk

Credit risk is the risk of financial loss to ITU if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from investments, receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. ITU mitigates credit risks on cash and cash equivalents and on investments by spreading them among several banking institutions with high-grade credit ratings, not below A3 rating.

The maximum exposure to credit risk as at 31 December was:

Description (CHF '000)	31 December 2024	31 December 2023
Cash and cash equivalents	210,030	155,868
Investments	-	35,070
Receivables	36,532	22,357
Other receivables	4,969	4,384
Maximum exposure to credit risk	**251,532**	**217,679**

b) *Credit quality*

Credit quality is the assessed risk of default of counterparties to which ITU extends credit and those parties with whom ITU invests. ITU has reviewed its levels of accounts receivables from assessed contributions and other sources. There is concern over the ageing of the accounts receivable from Member States, Sector Members and Associates. As per resolution 41, approved at the Plenipotentiary conference (Dubai 2018), on arrears and special arrears account, this resolution highlights the high level of arrears, puts in place mechanisms for repayment, and encourages those in arrears to make payments in a timely manner to ensure sufficient financing for ITU. This level of arrears will affect ITU's financial stability if these amounts remain uncollected. In 2024 CHF 0.2 million was written off on the principal accounts receivable along with interest arrears of CHF 0.2 million. Further work is required to ensure that ITU collects its receivable in a timely manner going forward.

In addition, ITU sends quarterly statements on arrears and suspension of participation to encourage Member States, Sector Members and Associates to settle their arrears. Furthermore, the loss of voting rights for Member States is an additional incentive to encourage timely payments and settling of their arrears.

c) *Interest rate risk*

ITU is exposed to interest rate risks through its short-term investments in US dollars and Euros. ITU generated CHF 4.6 million in interest earnings (CHF 4.6 million in 2023).

d) *Liquidity risk*

Liquidity risk is the risk of ITU not being able to meet its obligations as they fall due. ITU's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due. ITU ensures it has sufficient cash on hand to meet expected operating expenses through cash flow forecasts.

The primary objective of managing ITU's capital is to ensure that there is sufficient cash available to support ITU's funding requirements, including capital expenditure, to ensure that ITU remains financially sound.

e) *Currency risk*

ITU receives Member States and regular budget contributions in Swiss francs and extra-budgetary contributions in Swiss francs as well as in other currencies, mostly in US dollars and Euros. ITU does not have recourse to fixed-term exchange contracts, futures, swaps, or currency options to hedge realized or unrealized foreign exchange gains or losses. When possible, natural hedging is applied by assigning the foreign currencies directly to the appropriate bank accounts held in the same currencies.

It is to be noted that the monthly payments under the Health Insurance scheme are in Swiss francs, which is significantly reducing exposure to exchange rates fluctuations. The Union is still exposed to foreign exchange gains or losses arising from the payment of contributions to the UNJSPF and the outstanding extra-ordinary contribution related to the UNSMIS affiliation, in US dollars. However, since the Professional staff contributions are defined in US dollars and the General Staff contributions are defined in Swiss francs and the number of staff in these two categories is equally distributed, the exchange rates fluctuations tend to counterbalance.

Extra-budgetary contributions are managed in the currency of the contribution received and converted in Swiss francs for presentation purposes. The table below captures the major amounts held in foreign currencies, with ITU's banks in Euros and US dollars as cash and cash equivalents, and investments.

ITU is in the process of strengthening its foreign currency management practices to better align its foreign currency investments with its functional currency (CHF), thereby reducing exposure to exchange rate volatility and ensuring greater predictability and stability in financial outcomes.

Effect of exchange rate fluctuations between the Swiss Franc on other currencies				
(CHF '000) Currency	Balance in foreign currency	CHF equivalent of balance	Effect in CHF of increase / decrease in the value of foreign currency	
			of +/- 5%	of +/- 10%
EUR	34,801	32,662	1,633	3,266
USD	105,585	95,132	4,757	9,513
Total - 31 December 2024		**127,794**	**6,390**	**12,779**

f) *Market risk*

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting ITU’s income or the value of its financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

The maturity profiles on financial instruments as at 31 December 2024 are as follows:

In thousands of CHF	Weighted average interest rate	1 year or less	>1 year	Total
Financial assets				
Cash and cash equivalents		210,030	-	210,030
Investments		-	-	-
Receivables		20,546	15,986	36,532
Other receivables		7,349	-	7,349
Total financial assets		**237,926**	**15,986**	**253,911**
Financial liabilities				
Payables		11,478	-	11,478
Other liabilities		8,765	-	8,765
Borrowings outstanding	0%	1,391	51,918	53,309
Total Financial liabilities		**21,634**	**51,918**	**73,552**

Note 6 Cash and cash equivalents

The table below includes a breakdown of the cash and cash equivalents as at 31 December 2024 and 2023.

Description (CHF '000)	31 December 2024	31 December 2023
Petty cash	66	95
Bank current accounts in CHF	72,038	68,021
Bank current accounts in foreign currency	35,642	20,178
Short term investment 0-3 months	102,284	67,574
Cash and cash equivalents	**210,030**	**155,868**

The amount of restricted cash and cash equivalents for 2024 and 2023 is CHF 28.9 million and CHF 27.5 million, respectively. Restrictions on cash and cash equivalents are primarily related to FIPOI and donations received for the new building, as well as to investments related to the ITU old pension fund.

Description (CHF '000)	31 December 2024	32 December 2023
Non restricted cash	**181,156**	**128,408**
Petty cash	66	95
Bank current accounts in CHF	49,215	45,884
Bank current accounts in foreign currency	35,642	20,178
Short term investment 0-3 months	96,233	62,251
Restricted cash	**28,874**	**27,460**
Bank current accounts in CHF	22,823	22,137
Short term investment 0-3 months	6,051	5,323
Cash and cash equivalents	**210,030**	**155,868**

Note 7 Investments

ITU is currently reviewing its medium- to long-term investment strategy; due to existing uncertainties surrounding exchange rates and interest rates, the organization decided not to engage in medium- or long-term investments. As a result, at the end of 2024, ITU held no investments.

A breakdown of fixed-term investments by date of maturity (period remaining) and by currency is shown below:

Description (CHF '000)	31 December 2024	31 December 2023
Maturity		
4-6 months	-	25,070
7-9 months	-	10,000
Total Investments	**-**	**35,070**

Note 8 Receivables

Receivables represent uncollected revenue from assessed and voluntary contributions, publications, and satellite network filings.

Non-current, non-exchange receivables represent receivables from members having undertaken to repay their arrears under repayment agreements scheduled over several financial periods, as well as extra budgetary receivables related to long-term ongoing projects expected to be collected in the subsequent periods. The significant increase over the previous year is due to additional projects signed in 2024 that are expected to be implemented in future periods. See also note 14 for further details.

Description (CHF'000)	31 December 2024	31 December 2023
Current receivables – exchange transactions	9,774	7,687
Provision for losses on current receivables – exchange transactions	(1,272)	(1,241)
Current receivables – exchange, net	**8,502**	**6,446**
Current receivables – non-exchange transactions	48,009	40,541
Provision for losses on current receivables – non-exchange transactions	(35,964)	(27,409)
Current receivables – non-exchange, net	**12,044**	**13,132**
Total current receivables, net	**20,546**	**19,577**
Non-current receivables – non-exchange transactions	22,048	9,101
Provision for losses on non-current receivables – non-exchange transactions	(6,062)	(6,321)
Non-Current receivables – non-exchange, net	**15,986**	**2,780**

Note 9 Other receivables

The major category under other receivables is prepaid expenses that increased by approximately CHF 1 million compared to December 2023 mostly due to miscellaneous prepayments related to UNDP transactions, Special Service Agreements (SSAs) and others.

Employee advances are advances provided to staff members as per ITU's staff regulations.

The withholding tax comprises the tax which is reimbursable by the Swiss Confederation's Federal Tax Administration as well as the income tax to be recovered from the Government of the United States of America.

Description (CHF '000)	31 December 2024	31 December 2023
Employee advances	2,166	2,043
Withholding tax	1,650	1,328
Pensions	97	96
Accrued interest	1,056	917
Prepaid expenses	2,380	1,854
Total - other receivables	**7,349**	**6,238**

Note 10 Property, plant and equipment

The ITU buildings comprise the following:

– Tower building, rue de Varembé, Geneva;

– Varembé building, rue de Varembé, Geneva. This building has been fully depreciated as at 31 December 2022 in anticipation of commencement of the new building project. Currently this building is still in use;

– Extension C and Cafeteria, rue de Varembé, Geneva;

– Montbrillant building, rue de Varembé, Geneva.

ITU does not own the land on which its properties are situated; it has free surface rights granted by the government, which retains land title. Due to ITU's inability to commercially dispose of these rights, recognizing or reliably measuring the land's fair value under IPSAS is not feasible, and thus, these restrictions are disclosed for transparency in accordance with IPSAS property valuation requirements. As of 31 December 2024, no property, or equipment had been pledged as security for debt. ITU maintains a comprehensive schedule of property plant, and equipment. This schedule includes assets that have reached full depreciation but are still in active use within the organization.

The table below shows the gross value of the Property, Plant and Equipment fully depreciated in use as of 31 December 2024.

Asset Category (CHF '000)	Total
Buildings	38,076
Machinery & equipment	811
Computer equipment	6,336
Vehicles	235
Furniture & fixtures	1,309
Total	**46,767**

ITU holds heritage assets, referred to as works of art, representing items donated or loaned to the organization by representatives or officials of Member States, other public or private entities or individuals. The works of art held by ITU include rugs, pictures, sculptures and pieces of furniture and other items. As at 31 December 2024, the total value of such items is below CHF 0.5 million, and ITU has elected not to recognize works of art as assets in the Statement of Financial Position, in accordance with IPSAS 17.

Under the ITU Policy on property, plant and equipment, the Organization has established processes and procedures for the management of works of art. Works of art are held in controlled access storage until such time as a decision is taken in relation to the placement of an item. Works of art are included in the organization's annual physical inventory process, and formal confirmations that works of art are held by ITU are provided to donors upon request.

A breakdown of movements in property, plants and equipment for the years 2024 and 2023 are shown in the table below. Reclassifications comprise assets previously under construction, completed and brought in use during the period.

2024

Categories of asset (CHF '000)	Buildings	Mach. & equip.	Furniture & fixtures	Computer equipment	Vehicles	Total 2024
Cost at 1 January 2024	**126,402**	**1,121**	**1,339**	**6,735**	**296**	**135,893**
Additions	23	-	-	46	-	**69**
Disposals	-	(84)	(13)	(113)	-	**(210)**
Reclassifications	1,558	30	-	-	-	**1,588**
Cost at 31 December 2024	**127,983**	**1,067**	**1,326**	**6,668**	**296**	**137,340**
Accumulated depreciation at 1 January 2024	**67,434**	**1,015**	**1,327**	**6,384**	**275**	**76,435**
Depreciation	3,535	52	6	293	19	**3,905**
Disposals	-	(84)	(13)	(113)	-	**(210)**
Accumulated depreciation at 31 December 2024	**70,969**	**983**	**1,320**	**6,564**	**294**	**80,130**
Net carrying amount at 1 January 2024	**58,968**	**106**	**12**	**351**	**21**	**59,458**
Net carrying amount at 31 December 2024	**57,014**	**84**	**6**	**104**	**2**	**57,210**

2023

Categories of asset (CHF '000)	Buildings	Mach. & equip.	Furniture & fixtures	Computer equipment	Vehicles	Total 2023
Cost at 1 January 2023	126,344	1,395	1,363	7,205	296	**136,603**
Additions	18	5	7	62	-	**93**
Disposals	-	(302)	(24)	(531)	-	**(857)**
Reclassifications	39	22	-	-	-	**61**
Cost at 31 December 2023	**126,402**	**1,121**	**1,346**	**6,736**	**296**	**135,900**
Accumulated depreciation at 1 January 2023	**63,920**	**1,270**	**1,342**	**6,403**	**255**	**73,190**
Depreciation	3,514	47	16	512	19	**4,107**
Disposals	-	(302)	(24)	(531)	-	**(857)**
Accumulated depreciation at 31 December 2023	**67,434**	**1,015**	**1,334**	**6,384**	**275**	**76,441**
Net carrying amount at 1 January 2023	**62,424**	**125**	**21**	**801**	**41**	**63,412**
Net carrying amount at 31 December 2023	**58,968**	**106**	**12**	**351**	**21**	**59,459**

Note 11 Intangible assets

Intangible assets held by ITU comprise of internally developed and externally acquired IT licenses and software.

Category of asset (CHF '000)	Internal Development		Software			
	2024	2023	2024	2023	Total 2024	Total 2023
Cost at 1 January	**6,310**	**5,551**	**6,822**	**6,786**	**13,132**	**12,337**
Additions	2,118	567	471	205	**2,589**	**772**
Disposals	(55)	-	(850)	(275)	**(905)**	**(275)**
Reclassifications	2,710	192	132	107	**2,842**	**299**
Cost at 31 December	**11,083**	**6,310**	**6,575**	**6,823**	**17,658**	**13,133**
Amortization at 1 January	**4,064**	**3,301**	**6,119**	**5,605**	**10,183**	**8,906**
Amortization	652	763	724	790	**1,376**	**1,553**
Write off	(55)		(845)	(275)	**(900)**	**(275)**
Amortization at 31 December	**4,661**	**4,064**	**5,998**	**6,120**	**10,659**	**10,184**
Net carrying amount at 1 January	**2,246**	**2,250**	**703**	**1,181**	**2,949**	**3,431**
Net carrying amount at 31 December	**6,422**	**2,246**	**577**	**703**	**6,999**	**2,949**

In accordance with IPSAS 31.121(c), individual intangible assets that are material to the entity's financial statements are disclosed. As at 31 December 2024, our evaluation has led to the identification of 12 projects within the intangible asset category which have average useful economic life of almost 5 years and are valued at CHF 6.5 million. These projects include development of Space administration, SAP development and recruitment modules.

Reclassifications comprise assets previously under construction, completed and brought in use during the period.

Note 12 Assets under construction

At the ITU Council session held in June 2024, the secretariat reported on progress in connection with the new building project. The Council approved the alternative reassessed project and requested ITU to revise and scale down the project to fit within the approved budget of CHF 172.7 million and available financing as per Decision 640 (C24/132).

The review concluded that the existing costs incurred were almost entirely no longer relevant under the revised scope of the project and an impairment of CHF 21 million has been recognised in the Statement of Financial Performance this year.

In addition, ITU reviewed the sponsorships recognised for the funding of specific features of the previous building project such as meeting room, lobby, courtyard, cafeteria and others (total of CHF 16.9 million).

One sponsoring party has terminated the sponsorship agreement for CHF 5.0 million due to the revision of the new building project and provision for repayment of this has been made. Communication with the sponsoring party is currently underway to agree on a possible new sponsorship for the revised new building project. In response, the Secretariat has pledged to incorporate the sponsor's requested features into the design phase of the new project. The Secretariat is actively working with all parties to reach a mutually satisfactory outcome.

Category of asset (CHF '000)	New building project		Other building project		Other intangibles under construction		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
Cost at 1 January	**19,735**	**17,283**	**1,518**	**199**	**5,344**	**2,287**	**26,597**	**19,769**
Additions	1,573	2,482	-	1,344	1,860	3,365	**3,433**	**7,191**
Impairment/ Disposals	(20,986)	-	(14)	-	(10)		**(21,010)**	**-**
Reclassifications	(83)	(30)	(1,504)	(25)	(2,841)	(308)	**(4,428)**	**(363)**
Net carrying amount at 31 December	**239**	**19,735**	**-**	**1,518**	**4,353**	**5,344**	**4,592**	**26,597**

Note 13 Payables

Suppliers relate to unpaid invoices, staff and advances from UNDP Inter office voucher (IOVs) transactions open for settlement.

Advanced payments from customers have been received for satellite network filings and for future publication purchases or invoices. These amounts maybe refunded to the beneficiaries or used to settle future invoices for satellite network filings and publications.

Advances for conferences are payments made to the Union's accounts by the host countries for the organization of events such as world conferences. After the closing of an event, the remaining balance is typically refunded to the host countries in conformity with signed agreements.

Description (CHF '000)	31 December 2024	31 December 2023
Suppliers	2,240	3,911
Advances from customers	8,172	6,871
Advances for conferences	1,065	2,260
Total Payables	**11,478**	**13,042**

Note 14 Deferred revenue

Deferred revenues include:

- Assessed contributions received from Member States, Sector Members, Associates and Academia related to the following year,
- Satellite Network Filings for which the publication in the BR International Frequency Information Circular (BR IFIC) has not occurred at the end of the year,
- Extra-budgetary contributions, current and non-current, related to ongoing projects with conditions that will be fulfilled in the following year/years. Specifically, third-party funds in process of allocation are funds in process of allocation to specific project and third-party funds to be received are related to are agreements signed in the current financial year and invoiced but yet to be received. Allocated third-party funds are related to ongoing projects for which funds have been received or will be received in the following or future years. The significant increase in extra-budgetary deferred revenue is due to a number of large and complex, longer term projects signed with active donors, among others, with the European Union focused on facilitating digital infrastructure investments and public services innovation.

Description (CHF '000)	31 December 2024	31 December 2023
Contributions - Member States	42,717	45,814
Contributions - Sector Members	3,641	3,882
Contributions - Associates	611	714
Contributions - Academia	121	135
Contributions received in advance	**47,089**	**50,544**
Deferred revenue, Satellite Network Filings	**5,385**	**3,590**
Allocated third-party funds, current	29,367	19,614
Third-party funds in process of allocation	2,454	3,405
Third-party funds to be received	1,367	1,340
Deferred revenue, extra-budgetary	**33,189**	**24,359**
Total Deferred revenue, current	**85,662**	**78,493**
Allocated third-party funds, non-current	40,038	17,088
Deferred revenue, extra-budgetary, non current	**40,038**	**17,088**
Total Deferred revenue	**125,700**	**95,581**

Note 15 Borrowings and other financial debts

ITU currently has four interest free loans with the Fondation des Immeubles pour les Organisations Internationale (FIPOI). As at 31 December 2024, three of these loans are reflected in the financial statements at fair value.

The total amount outstanding, as at 31 December 2024, is CHF 54.8 million and the net present value is CHF 53.3 million.

The outstanding amount of the first three loans on existing buildings is CHF 32.3 million; net present value is CHF 30.8 million.

In 2017, a new interest-free loan amounting to CHF 150 million was granted for the ITU new building project. The loan amount drawn down by ITU on this fourth loan stands at CHF 22.5 million as at 31 December 2024.

ITU has received confirmation that the loan can be repurposed for the revised building project. The Swiss Federal Government has formally agreed to the reprogramming. ITU remains engaged in open and regular communication with the financing parties and relevant authorities to provide updates on the progress of the revised building project, in line with the resolution approved by the Council in 2024.

The reimbursement of the loan granted for the new ITU premises will start only after the successful delivery of the new building.

Description (CHF'000)	Loan	Due date	31 December 2024	31 December 2023
Net present value of borrowings				
CHF 19,627,590 - from 1990	I	2039	6,450	6,793
CHF 45,427,250 - from 2002	II	2051	23,308	23,687
CHF 2,000,000 - from 2002	III	2051	1,026	1,043
Loan for New Building Project	IV	n.a.	22,525	21,525
of which short term			1,391	1,391
of which long term			51,918	51,657
Borrowings - Net present value			**53,309**	**53,048**

Note 16 Employee benefits

Employee benefits refer to all forms of consideration given by ITU in return for services rendered by its employees. These are recognized as and when they are earned by employees.

Description (CHF '000)	31 December 2024	31 December 2023
Accumulated leave - current	284	319
Overtime	34	208
Total current employee benefits liabities	**318**	**527**
Accumulated leave - non-current	11,426	11,328
Repatriation	13,795	12,208
Pension liabilities	54	54
ASHI	415,835	375,271
Total non-current employee benefits liabities	**441,110**	**398,861**
Total employee benefits liabities	**441,428**	**399,388**

16.1 After-service health insurance

16.1.1 Actuarial valuation of post-employment benefits under the ASHI plan

The accounting for ASHI-related obligations is based on an annual actuarial study carried out by an independent consultancy. The most recent valuation, carried out in January 2025, established at CHF 415.8 million ITU's obligations in respect of post-employment sickness benefits due to employees meeting the specified conditions at 31 December 2024, compared to CHF 375.3 million at end-of 2023). The actuarial study was carried out based on data (claim cost /contribution paid/ eligible population) provided by ITU.

16.1.2 Actuarial valuation – assumptions and methods

Within the framework of the valuation of obligations relating to the ASHI plan at 31 December 2024 and of the contribution for the 2024 period, ITU validates the assumptions and methods used by the actuaries. The assumptions and methods used for the valuation covering the 2024 period are described below.

<table>
<tr><td>Discount rate</td><td>1.40% for 2024 and 1.90% for 2023.
The discount rates used for this valuation were first determined separately for each of the major currencies including CHF, USD, and EUR by using Aon AA Corporate Bond Yield Curve as at 31 December 2024. The ultimate discount rate was then determined by averaging the currency-denominated discount rates, weighted by the benefit payments paid to current inactive in each currency.</td></tr>
<tr><td>Increase in medical costs</td><td>2.40% for 2024, and 2.60 % for 2023.</td></tr>
<tr><td>Salary increases</td><td>3.10% for 2024 and 2023 plus UNJSPF Static salary scale.</td></tr>
<tr><td>Pension increases</td><td>2.60% for 2024 and 2023</td></tr>
<tr><td>Estimated annual average cost of claims for reimbursement of medical expenses in 2024 and variation in medical expenses according to age</td><td>The 2024 actuarial report is based on the average claim costs estimated at the end of the year per age range as follows:
<table>
<tr><th>Age range</th><th>Claim costs (CHF) 2024</th><th>Claim costs (CHF) 2023</th></tr>
<tr><td>50</td><td>4,408</td><td>3,226</td></tr>
<tr><td>55</td><td>5,441</td><td>4,038</td></tr>
<tr><td>60</td><td>6,620</td><td>5,063</td></tr>
<tr><td>65</td><td>7,938</td><td>6,357</td></tr>
<tr><td>70</td><td>9,566</td><td>7,995</td></tr>
<tr><td>75</td><td>10,926</td><td>10,074</td></tr>
<tr><td>80</td><td>12,060</td><td>12,715</td></tr>
<tr><td>85</td><td>14,672</td><td>14,736</td></tr>
<tr><td>90</td><td>16,919</td><td>16,953</td></tr>
</table></td></tr>
<tr><td>Administrative expenses</td><td>The annual average administrative cost per person was estimated at CHF 166, CHF 164 in 2023</td></tr>
<tr><td>Mortality</td><td>The mortality is based on the last Sex-distinct United Nations Mortality Tables (Jan. 2024) with no longevity improvement for actives and disable retirees, and with generational longevity improvement through 2044, with base year 2017 for Service Pensioners, Widows and Widowers.</td></tr>
<tr><td>Valuation of assets</td><td>ITU has no plan assets for the ASHI Fund (2023: nil).</td></tr>
<tr><td>Disability rate</td><td>Varies according to age and gender and for Professional Staff and General Service Staff and increases with age from 19 to 70 years. The rate is based on the United Nations Disability table communicated in January 2025 and it ranges from 0.00006 to 0.00550.</td></tr>
</table>

Employee turnover	The assumption on employee turnover considered in the valuation has been refined using the most recent experience to provide a more meaningful estimate and focuses on non short-term employees divided in two groups according to age from less than 45 to more than 45 from 4% to 2.5%, respectively.
Retirement rate	For all staff, retirement rates are set equal to the rates from United Nations Task force message January 2025. Rates vary according to age, gender, years of service, professional category.
Participation	97.5% of future retirees will elect coverage in the ASHI. Staff members retiring from ITU may continue their health insurance coverage under UNSMIS if they have contributed to a UN medical insurance scheme for at least 10 years, are receiving a UNJSPF pension, and were covered at the time of retirement. Time spent in other UN organizations with recognized medical schemes can count toward the 10-year requirement, provided coverage was continuous. For full eligibility rules, coverage conditions, and contribution details, please refer to the official UNSMIS website: https://medical-insurance.unog.ch/en
Spouse coverage	75% and 25% of male and female retirees have a spouse who will elect coverage with the ASHI. Men are assumed to be five years older than their spouse.
Actuarial method	Projected unit credit method with Service Prorate. The allocation period beginning at 45 years of age to reflect the fact that employees must be at least 55 years old and have completed 10 years of service in order to be eligible.
Net assets approach	All gains/losses are recognized in full immediately during the year in which they arise, but outside of surplus or deficit through the statement of changes in net assets.

Staff members separating from service at age 55 or over, along with their spouses, dependent children, and survivors, are entitled to after-service health insurance coverage provided they have completed at least 10 years of service with the United Nations or a specialized agency and were insured under the UNSMIS health plan during the five years immediately preceding their separation from service. The same benefits apply to staff members in receipt of a disability allowance from the United Nations Joint Staff Pension Fund. This agency is jointly financed, with premiums - ITU contributing 2/3 and the insured person 1/3.

The following table provides additional information and analyses concerning the after-service health insurance liabilities arising from employee allowances according to the actuarial study performed to obtain the amounts at 31 December 2024.

Description (CHF '000)	31 December 2024	31 December 2023
Balance as at 01 January	375,271	344,102
- Net Current Service Cost	*11,095*	*10,165*
- Finance charge	*7,046*	*8,489*
Total expenses recognized in the statement of financial performance	***18,141***	***18,654***
- Obligation due to changes in Demographic assumptions	10,602	(574)
- Obligation due to changes in Financial assumptions	20,635	24,687
- Obligation due to experience during the period	1,511	(4,589)
Total Actuarial (gain) loss recognized in net assets	**32,748**	**19,524**
Contributions during the period	**(10,325)**	**(7,009)**
Total - Obligations under ASHI plan	**415,835**	**375,271**

The main element impacting the valuation of the ASHI is the discount rate which is used to calculate the present value of the future claims. In 2024, the discount rate decreased from 1.9% (2023) to 1.4% (2024), confirming the previous trend observed in 2023 when it decreased increased from 2.5% (2022) to 1.9% (2023). Such trends resulted in an actuarial loss amounting to CHF 20.6 million in 2024 as compared to CHF 24.7 million in 2023.

Other elements that have impacted the ASHI liability:

- Adjustments in demographic assumptions for a loss of CHF 10.6 million in 2024 (gain of CHF 0.6 million in 2023), as a result of the new demographic studies performed that resulted in CHF 6.5 million loss in connection with the turnover rate, CHF 3.7 million loss attributable to medical claims costs and CHF 0.4 million for mortality rates updates;
- experience loss of CHF 1.5 million (gain of CHF 4.6 million in 2023) due to the difference noted in actual net medical claims costs incurred as compared to those assumed for the year; and
- Higher Net Service Cost, increasing by CHF 0.9 million (CHF 10.2 million in 2023 to CHF 11.1 million in 2024), indicating a rise in the cost of benefits accruing to active employees.

As part of ITU's IPSAS 39 valuation, an updated medical claims study was conducted to reassess the assumptions previously used for post-employment medical benefits. The study analysed actual medical claims data from 2020 to 2023, adjusting for medical trend inflation and indexing claims to reflect a more accurate cost projection. The findings indicate an upward trend in per capita medical reimbursements, necessitating a revision of ITU's medical cost assumptions. These updated assumptions have been applied in the 2024 year-end IPSAS valuation to ensure a more precise estimation of ITU's post-employment benefit obligations.

The contributions paid by the organization for the ASHI amounted CHF 10.3 million in 2024 (CHF 7.0 million in 2023). The employer expected contribution for 2025 amount is estimated to be CHF 9.8 million.

Since January 2020, ITU is part of the United Nations staff mutual insurance society against sickness and accident (UNSMIS). It is a medical insurance fund for UN staff members. Established in 1947 and headquartered in Geneva. UNSMIS is designed to reimburse medical expenses for its members, which can include costs arising from sickness, accidents, and maternity. The society serves both active and retired UN employees and their families.

UNSMIS operates on contributions from participating organizations and staff members, to ensure that its members receive medical care reimbursements under the society's rules and regulations. In addition to handling claims, UNSMIS is responsible for maintaining agreements with health providers and ensuring the financial stability of the insurance plan.

The actuarial reserve for long-term risks within UNSMIS was established in 1995 to cover the continuous increase in health-care costs and the progressive increase in the average age of members. Investment income from this reserve for long-term risks should make it possible to limit the rise in premiums and absorb any unforeseen costs. The study by EY proposed that the total for this reserve be maintained at USD 58.8 million. As of 31 December 2022, this reserve is fully financed.

Joining this UN medical plan presents advantages for staff, as the contribution rate has been decreased and the deductible removed, but also for ITU in the long-term due to the size of the plan. The UNSMIS plan brings together several organizations and specialized agencies of the United Nations based in Geneva. This health insurance plan also includes the staff of the UN Office at Geneva, UNHCR and WMO.

To join the UNSMIS medical plan in January 2020, ITU had to contribute to the reserve fund of this plan for an equalization. The level of the contribution had been agreed at the level of USD 19.5 million which was paid from the CMIP (Continuation Medical Insurance Plan) guarantee fund in early 2020. In addition, an extraordinary contribution was agreed to be paid yearly for 13 years starting 2020. This extra-contribution aims to regularize the impact of ITU joining this medical plan based on the staff and retiree age, demographics and other agree factors. This extra-contribution represents a total amount of USD 22.5 million split to be paid yearly over 13 years. In 2024, and 2023, additional contributions of USD 1.7 million (CHF 1.5 million) were paid to UNSMIS.

The follow-up of the cost containment is managed by the UNSMIS Committee, where ITU has a seat as a new member. Further details can be found in Document C25/46 on the annual report on ASHI.

16.1.3 Sensitivity information for healthcare plan

Here below are presented the sensitivity analysis on the service and interest costs as well as on Defined Benefit Obligation assuming an increase / decrease of 1% in the healthcare rate.

The discount rates used for this valuation were determined by using Aon AA Corporate Bond Yield Curves as at December 31, 2024. A sensitivity analysis is presented on the Defined Benefit Obligation assuming an increase / decrease of 1% in the discount rate.

Financial year (CHF '000)	31 December 2024
1% increase in healthcare trend rate - effect on service and interest costs	7,855
1% decrease in healthcare trend rate - effect on service and interest costs	(5,716)
1% increase in healthcare trend rate - effect on Defined Benefit Obligation	107,554
1% decrease in healthcare trend rate - effect on Defined Benefit Obligation	(83,449)
1% increase in discount rate - effect on Defined Benefit Obligation	(70,391)
1% decrease in discount rate - effect on Defined Benefit Obligation	93,193

16.2 Repatriation grant

16.2.1 Definition

In principle, a repatriation grant shall be payable to staff members who have at least 5 years of continuous services and whom the Union is obliged to repatriate. Costs include repatriation travel and removal on repatriation. Detailed conditions and definitions relating to eligibility and requisite evidence of relocation shall be determined by the Secretary-General.

Length of service, gross salary less staff assessment (including any language allowances and nonresident's allowance if applicable for General service staff) were taken into account in calculating the total amount of the obligation at 31 December 2024. The economic assumptions used are a discount rate of 1.4% (compared to 1.9% in 2023) and a rate of salary increase of 3.1%. For the valuation of 2024, the assumptions for the actuarial study on the repatriation grant have been aligned with the ASHI assumptions.

16.2.2 Payment of the repatriation grant

Payment of the repatriation grant is governed by the conditions and definitions set out in the Staff Regulations and Staff Rules. As of 31 December 2024, the employee benefit liability for repatriation amounted to CHF 13.5 million compared to CHF 12 million in 2023. This provision is funded by a deduction of one per cent (1%) from the remuneration of staff members other than those engaged for conferences and other short-term services.

The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

An IPSAS-compliant actuarial valuation is carried out each year by an independent consultancy.

16.3 Employee benefits under the United Nations staff pension plan

ITU is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances, and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. ITU and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify ITU's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, ITU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. ITU's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Fund's Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

The ITU's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% of pensionable remuneration for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

The latest actuarial valuation for the Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0% (117.0% in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0% (158.2 % in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2021, 2022 and 2023) amounted to USD 9,499.41 million, of which 0,92% was contributed by the ITU.

During 2024, contributions paid to the Fund by the ITU amounted to CHF 27.3 million (USD 31.1 million) (CHF 27.2 million or USD 30.3 million in 2023). Expected contributions due in 2025 are approximately CHF 28.5 million (USD 31.6 million).

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund at www.unjspf.org.

Summary of contributions to the Fund for the period 1 January to 31 December 2024

Description (CHF '000)	Normal contributions	Service validation contributions /restitution	Voluntary contributions	Total
Contributions by participants	8,972	55	139	9,165
Contributions by the Union	17,943	28	211	18,182
Total	**26,915**	**83**	**350**	**27,347**

Obligations related to other employee benefits

Before the establishment of UNJSPF and ITU's affiliation thereto, the Union had set up funds to provide retirement, death, disability, and health insurance benefits to its staff members. Since ITU's affiliation to the above-mentioned funds, the funds previously created have functioned as a closed fund. Obligations thereunder are shown as long-term liabilities. Agreements have been concluded between ITU and its funds to ensure the latter's financing.

In 2024, the Union did not consider it necessary to request a new actuarial study for the Staff Superannuation and Benevolent Funds. As at 31 December 2024, the provision for the obligations arising from pensions currently being paid to former employees affiliated to the Staff Superannuation and Benevolent Funds, recognized in 2010 in the amount of CHF 54 000, remains unchanged.

Note 17 Other liabilities

The increase in accounts payables is due to a larger activity towards the end of the year and the increase for the outstanding payable for inter-agency agreements.

The decrease in miscellaneous liabilities towards employees are due to lower outstanding liabilities related to ongoing special service agreements and deductions on employees' separations payments.

Description (CHF '000)	31 December 2024	31 December 2023
Accounts payable	1,465	677
Employees miscellaneous	788	2,176
Goods receipt/Invoice receipt	19	202
Provisions	6,494	1,778
UNDP	-	3
Total - Other liabilities	**8,765**	**4,835**

The provision represents management's best estimate, at the date of closure, of future obligations associated with past events for which there is uncertainty on the final value and timing of the outflows of ITU's resources.

Specifically, it comprises (i) the provision for risks and administrative expenses connected with ongoing litigations related to the cases that are communicated periodically by the tribunal, (ii) the provision for the unclaimed free-of-charge publications that Administrations are entitled to request for their Satellite Network Filings (SNF), and (iii) the provision for the termination of the CHF 5.0 million sponsorship received for the new building project.

The entirety of the SNF provision will be either used or released during the 2025 financial period.

Description (CHF '000)	Provision New Building Sponsor		Satellite Network Filings		Litigation		Total	
	2024	2023	2024	2023	2024	2023	31 December 2024	31 December 2023
Opening balance	-	-	693	370	1,085	1,089	**1,778**	**1,459**
Increase	5,000	-	715	693	17	61	**732**	**754**
Used during year	-	-	(361)	(305)	(200)	(49)	**(561)**	**(354)**
Unused amounts reversed	-	-	(332)	(65)	(123)	(16)	**(455)**	**(81)**
Total - 31 December 2023	**5,000**	**-**	**715**	**693**	**779**	**1,085**	**1,494**	**1,778**

Note 18 Revenue

Assessed Contributions

By its Resolution 1417, adopted at its 2023 session, the Council approved the budget of the Union for the period 2024-2025.

The 2024 revenue from Member States is in line with the financial plan as presented at PP-22. The assessed contributions from Member States are based on 356 Units.

Conference contributions have been recognised for:

- The World Telecommunication Standard Assembly (WTSA-24) held in Delhi, India. The Indian government covered the transport cost and accommodation of all ITU staff who travelled there. The Government also directly provided all logistical arrangements and security for all participants.
- The Global Symposium for Regulators (GSR-24) held in Kampala, Uganda. As per the Host Country Agreement the Uganda government financed the transport cost and accommodation of all ITU staff who travelled there and directly provided all logistical and security for all participants.

The following table shows the assessed contributions recognized in 2024 and 2023.

Description (CHF '000)	2024	2023
Contributions by Member States	113,195	109,293
Contributions by Sector Members	14,105	13,967
Contributions by Associates	2,173	2,164
Contributions by Academia	416	413
Contributions conferences	1,028	1,725
Total - Assessed Contributions	**130,917**	**127,562**

Extra-budgetary contributions

Voluntary contributions and trust fund contributions are sources of funding from third parties to support ITU in implementing development projects in favour of the developing countries, including least-developed countries, small island developing states, land locked developing countries and countries with economies in transition, and complement the ITU budget on regular activities.

Description (CHF '000)	2024	2023
Extrabudgetary contributions		
- Voluntary contributions	4,927	3,889
- Trust fund contributions	16,365	15,063
Total - Extrabudgetary Funds	**21,291**	**18,952**

Other operating revenue

In 2024, our sales revenue from publications reached CHF 19.2 million, surpassing previous year sales by CHF 2.5 million. This increase is mostly attributable to the timing of period publications and more specifically to the issuance of the Maritime Manual and the Radio Regulation publications that occurred in the fourth quarter of the year.

The decrease in revenues for Satellite Network Filings is due mainly due to delays in the final publications (revenue is recognized at the time when the final publications of the filing in the BR International Frequency Information Circular (IFIC) occurs). This is a result of the WRC-23 decisions which requested related software adjustments along with an increase in submissions in 2024.

The decrease in Other operating revenue is mostly due revenue related to contributions received for the new building project in 2023 that were not received in the current year.

Description (CHF '000)	2024	2023
Cost recovery		
- Publications	19,208	16,724
- Satellite Network Filings (SNF)	7,553	10,643
- Other cost recovery	431	296
Total cost recovery	**27,192**	**27,663**
Other operating revenue	5,248	6,482
Total - Other Operating Revenue	**32,440**	**34,145**

Finance revenue / (expense)

The interest rate on short-term deposits in US dollars and Euros has remained relatively stable throughout the year and compared to the previous year allowing comparable investment income at around CHF 4.6 million.

Investments are held mostly in US dollars and Euros, and as a result, in 2024 ITU recorded foreign exchange gains on investments for a total of CHF 3.9 million, compared to a CHF 6.2 million losses in 2023 mostly due to the more favorable trend of the Swiss franc exchange rates compared to the US dollar.

Foreign exchange gains on operations recorded in 2024 are driven by the foreign exchange trend as described for the investments and the weaking of the Swiss franc compared to the US dollar.

The 30-years Swiss Government Bond rate at the end of 2024 was 0.37%, while it was 0.50% at the end of 2023. The reduction resulted in an increase in the loan liability of CHF 0.7 million.

Description (CHF '000)	2024	2023
Interest on investments	4,645	4,559
Foreign exchange gains / (losses) on investments	3,990	(6,184)
Bank charges	(235)	(193)
Change in Net Present Value of loan	(652)	(4,055)
Foreign exchange gains / (losses) on operations	1,754	(2,399)
Total - Finance revenue / (expense)	**9,503**	**(8,272)**

Note 19 Expenses

Employee expenses

Employee expenses cover all remunerations paid to staff members on permanent posts and all staff recruited for conferences or holding short-term contracts, such as base salary, post adjustment, language allowance, non-resident allowance, dependency allowance and overtime, as well as other employee expenses.

Globally the employee expenses decreased in 2024. This decrease is largely the result of:

- decreases in ASHI adjustment - (CHF 3.8 million), this adjustment for ASHI is related to the net service costs and interest cost, reduced by the payments of the period. The reduction as compared to 2023 is mostly due to the increase in the latter from CHF 7.0 million in 2023 to CHF 10.3 million in 2024;

- decrease in other expenses – (CHF 3.4 million), which is mostly related to the Voluntary separation programme costs incurred in 2023, and
- decreases in Salaries and allowances - (CHF 1.4 million).

Description (CHF '000)	2024	2023
Salaries and allowances	**96,412**	**97,804**
- Installations and repatriation	2,887	1,143
- Education grant	4,038	4,152
- Home leave	1,078	954
- Accrued leave	944	1,307
- Health & accident insurance	10,220	11,408
- UNJSPF contribution	19,073	18,761
- Other expenses	81	3,550
- ASHI: net service charge	7,816	11,645
Other employee expenses	**46,137**	**52,920**
Total - Employee expenses	**142,549**	**150,724**

Non staff costs

Mission expenses

Travel costs have increased to CHF 8.2 million in 2024, an increase of CHF 0.4 million compared to 2023 costs.

Contractual services

This category covers all emoluments, fees and expenses paid to companies providing consultants within the framework of agreements and contractual arrangements. It also covers special service agreements, expenses pertaining to language courses as part of training, and costs in respect of subcontracted services.

Rental and maintenance of premises and equipment

Rental and equipment expenses amounted to CHF 4.0 million in 2024 (CHF 3.5 million in 2023). This slight increase is explained by the conferences held at CICG where the venue and audiovisual equipment were rented.

Depreciation and impairment losses

Depreciation and impairment losses have increased significantly due to the CHF 21 million impairment recognized on the asset under construction related to the New Building project after the revision approved by 2024 Council. See also note 12 above.

Movement in impairment / provision

The increase is largely due both to the increased allowance for doubtful accounts recognized to cover for the collection risks of the outstanding contributions of a Member State that has been experiencing restrictions to fulfil international payments, and the provision recognized for the termination of a sponsorship agreement for new building that is under assessment while the design of the revised project is ongoing.

Other expenses

The increase is mostly due to the increase in UNDP and inter-agency staff loans.

Description (CHF '000)	2024	2023
Non staff costs		
- Mission expenses	8,177	7,788
- Contractual services	20,637	21,821
- Rental and maintenance of premises and equipment	4,002	3,537
- Equipment and supplies	3,177	3,150
- Depreciation and impairement losses	26,295	5,660
- Shipping, telecommunications and service expenses	2,125	2,673
- Movement in impairment / provision	11,401	4
- Other expenses	3,653	1,804
Total - non staff costs	**79,467**	**46,437**

Note 20 Segment reporting – Statement of Financial performance 2024

Description (CHF '000)	General Secretariat	ITU-R	ITU-T	ITU-D	Total Regular Funds	SS&B Funds	Total Extra-budgetary Funds	Inter-segment Elimination	Total
REVENUE									
Assessed contributions	61,901	27,853	19,231	21,932	**130,917**	-	-		**130,917**
Extra-budgetary contributions	231	144	41	74	**490**	-	20,801		**21,291**
Other operating revenue	32	19,159	2	8	**19,201**	-	7		**19,208**
- Publications	-	7,553	-	-	**7,553**	-	-		**7,553**
- Satellite Network Filings (SNF)	297	62	527	771	**1,656**	-	-		**1,656**
- Other Cost recovery	553	434	84	153	**1,225**	-	-	(1,225)	**0**
- Other revenue	-	-	-	-	**-**	-	4,023		**4,023**
Total revenue	**63,015**	**55,205**	**19,884**	**22,938**	**161,042**	**-**	**24,831**	**(1,225)**	**184,648**
EXPENSES									
Employee expenses	68,858	27,568	13,108	23,572	**133,107**	-	9,442		**142,549**
Mission expenses	949	986	1,297	1,866	**5,097**	-	3,079		**8,177**
Contractual services	8,624	882	926	2,464	**12,897**	-	7,740		**20,637**
Rental and maintenance of premises and equipment	2,820	38	25	43	**2,926**	-	1,076		**4,002**
Equipment and supplies	1,490	296	168	385	**2,339**	-	838		**3,177**
Depreciation	14,381	4,762	2,480	4,535	**26,158**	-	137		**26,295**
Shipping, telecommunication and services expenses	2,033	-	28	63	**2,123**	-	2		**2,125**
Movement in impairment / provision	8,487	1,174	618	1,122	**11,401**				**11,401**
Other expenses	2,822	3	2	53	**2,878**	-	1,998	(1,225)	**3,652**
Total expenses	**110,463**	**35,709**	**18,651**	**34,103**	**198,927**	-	**24,313**	**(1,225)**	**222,016**
Finance Revenue / (cost)	3,356	1,130	595	1,080	**6,161**	**735**	**2,606**		**9,503**
Surplus / (deficit) for the period	**(44,092)**	**20,626**	**1,828**	**(10,085)**	**(31,724)**	**735**	**3,124**	**-**	**(27,865)**

The inter-segment elimination consists of the support costs (AOS) charged to projects and transferred to the ITU regular budget.
In 2024 the New building Fund amounts had been merged under the General Secretariat.

Segment reporting – Statement of Financial performance 2023

Description (CHF '000)	General Secretariat	ITU-R	ITU-T	ITU-D	Total Regular Funds	New Building	SS&B Funds	Total Extra-budgetary Funds	Inter-segment Elimination	Total
REVENUE										
Assessed contributions	58 048	31 611	16 893	21 009	**127 562**					**127 562**
Extra-budgetary contributions	4	1	1	192	**198**			18 754		**18 952**
Other operating revenue										
- Publications	50	16 634	1	35	**16 719**			5		**16 725**
- Satellite Network Filings (SNF)		10 643			**10 643**					**10 643**
- Other Cost recovery	30	39	395	846	**1 310**				(1 014)	**296**
- Other revenue	329	328	46	99	**802**	2 570		3 110		**6 482**
Total revenue	**58 509**	**59 276**	**17 343**	**22 180**	**157 233**	**2 570**		**21 870**	**(1 014)**	**180 659**
EXPENSES										
Employee expenses	72 881	31 485	12 627	25 272	**142 266**	(8)		8 466		**150 724**
Mission expenses	917	2 284	519	1 796	**5 516**			2 272		**7 788**
Contractual services	8 586	871	524	2 184	**12 165**	8		9 649		**21 821**
Rental and maintenance of premises and equipment	2 304	171	89	147	**2 711**			826		**3 537**
Equipment and supplies	1 431	411	137	302	**2 281**	10		860		**3 150**
Depreciation	3 080	1 111	438	884	**5 514**	7		139		**5 660**
Shipping, telecommunication and services expenses	2 368	92	40	130	**2 630**			43		**2 673**
Other expenses	638	170	67	210	**1 085**			1 737	(1 014)	**1 809**
Total expenses	**92 205**	**36 595**	**14 441**	**30 926**	**174 167**	**17**		**23 991**	**(1 014)**	**197 161**
Finance Revenue / (cost)	(3 361)	(1 340)	(526)	(1 123)	**(6 349)**	**(61)**	**(312)**	**(1 550)**		**(8 272)**
Surplus / (deficit) for the period	**(37 105)**	**21 322**	**2 369**	**(9 869)**	**(23 283)**	**2 491**	**(312)**	**(3 671)**	**-**	**(24 774)**

Note 21 Reconciliation between budgeted amounts and actual amounts

The financial statements include:

- ITU regular budget;
- Other funds; and
- Extra-budgetary funds

Reconciliation

The Union's budget and financial statements are accounted for differently. The 2024-2025 budget is established on a modified cash basis, with several specific items that are not dealt with on an accrual basis. Furthermore, the ITU budget deals solely with the Union's core activity and not with activities financed by extra-budgetary funds.

The Union's financial statements are drawn up on an accrual basis using a classification based on the nature of the expenses recorded in the Statement of Financial Performance (see Statement II).

To reconcile statements II and V transactions are broken into two categories of differences - basis and entity differences.

Basis differences: include expenses that are not included in the budget of ITU or treated differently under IPSAS requirements. These expenses typically include changes to the provision of doubtful debts, recognition of inventories, capitalization of fixed assets, depreciation, exchange gains and losses, ASHI, FIPOI loan repayment and surplus and / or deficit on investments.

Entity differences: typically refer to revenue and expenses that are outside of the approved ITU programme Budget, i.e. extra-budgetary funds and other funds not under the Union's budget.

Description (CHF'000)	Operating	Investing	Financing	Total
Results on a comparable basis	**5,651**			**5,651**
Changes in and use of provision for doubtful debts	(6,401)			(6,401)
Capitalization of fixed assets/intangibles		6,091		6,091
Depreciation	(5,285)			(5,285)
Exchange-rate gains and losses	5,909			5,909
ASHI	(7,816)			(7,816)
Repayment of FIPOI loan not considered as expense			1,391	1,391
Impairment	(21,009)			(21,009)
Provision for New Building sponsorship	(5,000)			(5,000)
Other expenses	(654)			(654)
Sale of assets	10			10
Total basis differences	**(40,247)**	**6,091**	**1,391**	**(32,765)**
Entity differences	**(751)**			**(751)**
Surplus / (deficit) as shown in the statement of financial performance	**(35,348)**	**6,091**	**1,391**	**(27,865)**

Summary of Budget to Actual differences

The 2024 budget was approved by Council at its 2023 session through Resolution 1417. It originally amounted to CHF 164.9 million. The budget was decreased to CHF 164.7 million due to the postponement of 3 WTDC-25 regional preparatory meetings from 2024 to 2025.

Revenue for 2024 is CHF 161.5 million. This is CHF 3.4 million below the budgeted level which is mainly due to the decrease in cost recovery revenue for the processing of Satellite Network Fillings (SNF) and is partially offset by an increase in interest revenue for CHF 2.6 million above budget.

In order to ensure ITU kept within the decrease revenue limits, the secretariat exercised rigorous management of spending including monthly and even weekly reviews to ensure that expenses level remained below the revenue for 2024.

Further details on the variances of the 2024 budget implementation by Sector stands as follows:

General Secretariat

- Total 2024 expenses of the General Secretariat amounted to CHF 85.6 million or 94.3% of the budget of CHF 90.8 million.
- The main savings were related to documentation savings.
- Other savings were also achieved on common expenses and slower filling of vacant positions in connection with the implementation of the voluntary separation programme.

Radiocommunication Sector (ITU-R)

- Total 2024 ITU-R expenses amounted to CHF 28.7 million, or 94.8% of a budget of CHF 30.2 million.
- Key savings were achieved in travel, translation, other operational expenses and staff costs in connection with the implementation of the voluntary separation programme.

Telecommunication Standardization Sector (ITU-T)

- Total 2024 ITU-T expenses amounted to CHF 14.6 million, or 99.4% of the budget of CHF 14.7 million.
- Most of the limited savings were achieved under interpretation costs for the WTSA.

Telecommunication Development Sector (ITU-D)

- The total 2024 ITU-D expenses amounted to CHF 26.9 million, or 93% of the approved budget of CHF 29 million.
- Major savings were achieved in travel and staff costs in connection with the implementation of the voluntary separation programme.

The overall implementation amount was CHF 155.8 million which was CHF 5.7 million below the overall revenue earned in 2024.

ITU took a conservative approach to the release of funds due to the uncertainty around costs recovery revenue earnings during the year. This ensured continuity of operations while ensuring financial discipline.

Furthermore, the higher than anticipated level of interest earnings and favourable exchange rate movements also played a role in the higher than anticipated surplus for 2024.

Note 22 Related-party disclosures

The following are related parties to ITU:

– The ITU Council comprises 48 Member States, without specific individuals being designated.

– The Union is managed by the Secretary-General, as executive head, assisted in that task by the Deputy Secretary-General and the Directors of the Union's three bureaux (high-ranking officials sitting on the Coordination Committee): Radiocommunication Sector (ITU-R), Telecommunication Standardization Sector (ITU-T) and Telecommunication Development Sector (ITU-D).

The total remuneration paid to key management officials comprises net salary, post adjustment, allowances such as representation expenses, installation grant, repatriation grant, accrued leave, rental subsidy, and removal of personal effects, in addition to the same benefits granted to professional staff, such as home leave, education grant, rental subsidies and post-employment benefits. The table below includes the amounts related to 2024.

	2024		2023	
In thousands of CHF	Number of persons	Total remuneration	Number of persons	Total remuneration
Elected officials	5	2,197	5	2,274

Note 23 Future commitments

ITU signed a contract with UNSMIS as of 1 January 2020 of which the payment of an additional annual contribution is required to be paid until 2032. At 31 December 2024, the remaining additional contributions total CHF 12.8 million (USD 14.2 million) (31 December 2023 – CHF 13.3 million (USD 15.9 million)).

Note 24 Events after the reporting date

ITU's reporting date is 31 December 2024 and these Financial Statements were authorized for issue on the same date at the External Auditor's opinion.

ITU's role as an intergovernmental organization that works with governments, private sector entities, and academic institutions to coordinate global telecommunications standards, spectrum management, and infrastructure development has never been more important. The management is well aware of potential uncertainties due to the current geopolitical climate as well as a refocusing of donor priorities.

While donor contributions represent only a moderate share of the Organization's revenue, potential future reductions cannot be reliably assessed at the date of these financial statements.

For the year 2024 the assessed contributions received from a donor that has announced its ongoing review of its international funding priorities amounted to 11% of the total ITU's assessed contribution revenue for the year.

ITU is currently assessing and proactively managing its planned activities and financial commitments in the most efficient manner and to minimize risk. At the date of issuance of these financial statements, no decisions have been made that would result in the creation of onerous contracts, and no reliably measurable contingent liabilities have been identified resulting from such mitigation measures already undertaken. In accordance with IPSAS 23 and ITU practices, the extra-budgetary agreements impacted by any uncertainty were considered subject to conditions and therefore the corresponding revenue, related to activities not yet implemented, and for which funds were not yet received, was already deferred (CHF 0.9 million) as at 31 December 2024. In addition, ITU continues its usual practice to commence implementation only upon receipt of the funds from the donor, therefore reducing risks of not collection. All underlying activities related to the continuation of such projects would not be undertaken until further notice. ITU is engaging in finding additional funding sources to continue in the implementation of the projects.

These measures have allowed ITU to be in a balanced position at the end of 2024, limiting the potential impacts of the uncertainty only towards commitments and operations not yet undertaken.

ANNEX A

DRAFT RESOLUTION […]

Financial operating report and audited financial statements for the 2024 financial year

The ITU Council,

in view of

No. 101 of the Convention of the International Telecommunication Union and Article 30 of the Financial Regulations of the Union,

having examined

the audited financial operating report for the 2024 financial year, covering the accounts for the 2024 financial year of the budget of the Union, and the audited 2024 accounts,

having noted

that the External Auditor's report is set out in Document C25/41,

resolves

to approve the financial operating report for the 2024 financial year (Document C25/40), covering the 2024 accounts of the Union.

____